

E AND R AMENDMENTS TO LB 988

Introduced by Enrollment and Review Committee: McGill, 26,
Chairperson

1 1. Strike the original sections and all amendments
2 thereto and insert the following new sections:

3 Section 1. Section 77-3442, Revised Statutes Supplement,
4 2007, is amended to read:

5 77-3442 (1) Property tax levies for the support of local
6 governments for fiscal years beginning on or after July 1, 1998,
7 shall be limited to the amounts set forth in this section except as
8 provided in section 77-3444.

9 (2) (a) Except as provided in subdivision (2) (e) of this
10 section, school districts and multiple-district school systems,
11 except learning communities and school districts that are members
12 of learning communities, may levy a maximum levy of one dollar and
13 five cents per one hundred dollars of taxable valuation of property
14 subject to the levy.

15 (b) For each fiscal year, learning communities may levy
16 a maximum levy for the general fund budgets of member school
17 districts ~~equal to the local effort rate prescribed in section~~
18 ~~79-1015.01 for such fiscal year.~~ of ninety-five cents per one
19 hundred dollars of taxable valuation of property subject to the
20 levy. The proceeds from the levy pursuant to this subdivision shall
21 be distributed pursuant to section 79-1073.

22 (c) Except as provided in subdivision (2) (e) of this
23 section, for each fiscal year, school districts that are members

1 of learning communities may levy for purposes of such districts'
2 general fund budget and special building funds a maximum combined
3 levy of the difference of one dollar and five cents on each one
4 hundred dollars of taxable property subject to the levy minus
5 the learning community levies pursuant to subdivisions (2)(b) and
6 (2)(g) of this section for such learning community.

7 (d) Excluded from the limitations in subdivisions (2)(a)
8 and (2)(c) of this section are amounts levied to pay for
9 sums agreed to be paid by a school district to certificated
10 employees in exchange for a voluntary termination of employment
11 and amounts levied to pay for special building funds and sinking
12 funds established for projects commenced prior to April 1, 1996,
13 for construction, expansion, or alteration of school district
14 buildings. For purposes of this subsection, commenced means any
15 action taken by the school board on the record which commits
16 the board to expend district funds in planning, constructing, or
17 carrying out the project.

18 (e) Federal aid school districts may exceed the maximum
19 levy prescribed by subdivision (2)(a) or (2)(c) of this section
20 only to the extent necessary to qualify to receive federal aid
21 pursuant to Title VIII of Public Law 103-382, as such title existed
22 on September 1, 2001. For purposes of this subdivision, federal
23 aid school district means any school district which receives ten
24 percent or more of the revenue for its general fund budget from
25 federal government sources pursuant to Title VIII of Public Law
26 103-382, as such title existed on September 1, 2001.

27 (f) For school fiscal year 2002-03 through school fiscal

1 year 2007-08, school districts and multiple-district school systems
2 may, upon a three-fourths majority vote of the school board of
3 the school district, the board of the unified system, or the
4 school board of the high school district of the multiple-district
5 school system that is not a unified system, exceed the maximum
6 levy prescribed by subdivision (2)(a) of this section in an amount
7 equal to the net difference between the amount of state aid that
8 would have been provided under the Tax Equity and Educational
9 Opportunities Support Act without the temporary aid adjustment
10 factor as defined in section 79-1003 for the ensuing school fiscal
11 year for the school district or multiple-district school system
12 and the amount provided with the temporary aid adjustment factor.
13 The State Department of Education shall certify to the school
14 districts and multiple-district school systems the amount by which
15 the maximum levy may be exceeded for the next school fiscal year
16 pursuant to this subdivision (f) of this subsection on or before
17 February 15 for school fiscal years 2004-05 through 2007-08.

18 (g) For each fiscal year, learning communities may levy a
19 maximum levy of two cents on each one hundred dollars of taxable
20 property subject to the levy for special building funds for member
21 school districts. The proceeds from the levy pursuant to this
22 subdivision shall be distributed pursuant to section 79-1073.01.

23 (h) For each fiscal year, learning communities may levy
24 a maximum levy of five cents on each one hundred dollars of
25 taxable property subject to the levy for elementary learning center
26 facilities and for up to fifty percent of the estimated cost for
27 capital projects approved by the learning community coordinating

1 council pursuant to section 79-2111.

2 (3) Community colleges may levy a maximum levy calculated
3 pursuant to the Community College Foundation and Equalization Aid
4 Act on each one hundred dollars of taxable property subject to the
5 levy.

6 (4) (a) Natural resources districts may levy a maximum
7 levy of four and one-half cents per one hundred dollars of taxable
8 valuation of property subject to the levy.

9 (b) Natural resources districts shall also have the power
10 and authority to levy a tax equal to the dollar amount by which
11 their restricted funds budgeted to administer and implement ground
12 water management activities and integrated management activities
13 under the Nebraska Ground Water Management and Protection Act
14 exceed their restricted funds budgeted to administer and implement
15 ground water management activities and integrated management
16 activities for FY2003-04, not to exceed one cent on each one
17 hundred dollars of taxable valuation annually on all of the taxable
18 property within the district.

19 (c) In addition, natural resources districts located in
20 a river basin, subbasin, or reach that has been determined to
21 be fully appropriated pursuant to section 46-714 or designated
22 as overappropriated pursuant to section 46-713 by the Department
23 of Natural Resources shall also have the power and authority to
24 levy a tax equal to the dollar amount by which their restricted
25 funds budgeted to administer and implement ground water management
26 activities and integrated management activities under the Nebraska
27 Ground Water Management and Protection Act exceed their restricted

1 funds budgeted to administer and implement ground water management
2 activities and integrated management activities for FY2005-06, not
3 to exceed three cents on each one hundred dollars of taxable
4 valuation on all of the taxable property within the district for
5 fiscal year 2006-07 and each fiscal year thereafter through fiscal
6 year 2011-12.

7 (5) Educational service units may levy a maximum levy of
8 one and one-half cents per one hundred dollars of taxable valuation
9 of property subject to the levy.

10 (6) (a) Incorporated cities and villages which are not
11 within the boundaries of a municipal county may levy a maximum levy
12 of forty-five cents per one hundred dollars of taxable valuation
13 of property subject to the levy plus an additional five cents per
14 one hundred dollars of taxable valuation to provide financing for
15 the municipality's share of revenue required under an agreement
16 or agreements executed pursuant to the Interlocal Cooperation Act
17 or the Joint Public Agency Act. The maximum levy shall include
18 amounts levied to pay for sums to support a library pursuant
19 to section 51-201, museum pursuant to section 51-501, visiting
20 community nurse, home health nurse, or home health agency pursuant
21 to section 71-1637, or statue, memorial, or monument pursuant to
22 section 80-202.

23 (b) Incorporated cities and villages which are within the
24 boundaries of a municipal county may levy a maximum levy of ninety
25 cents per one hundred dollars of taxable valuation of property
26 subject to the levy. The maximum levy shall include amounts paid
27 to a municipal county for county services, amounts levied to pay

1 for sums to support a library pursuant to section 51-201, a museum
2 pursuant to section 51-501, a visiting community nurse, home health
3 nurse, or home health agency pursuant to section 71-1637, or a
4 statue, memorial, or monument pursuant to section 80-202.

5 (7) Sanitary and improvement districts which have been in
6 existence for more than five years may levy a maximum levy of forty
7 cents per one hundred dollars of taxable valuation of property
8 subject to the levy, and sanitary and improvement districts which
9 have been in existence for five years or less shall not have
10 a maximum levy. Unconsolidated sanitary and improvement districts
11 which have been in existence for more than five years and are
12 located in a municipal county may levy a maximum of eighty-five
13 cents per hundred dollars of taxable valuation of property subject
14 to the levy.

15 (8) Counties may levy or authorize a maximum levy of
16 fifty cents per one hundred dollars of taxable valuation of
17 property subject to the levy, except that five cents per one
18 hundred dollars of taxable valuation of property subject to the
19 levy may only be levied to provide financing for the county's
20 share of revenue required under an agreement or agreements executed
21 pursuant to the Interlocal Cooperation Act or the Joint Public
22 Agency Act. The maximum levy shall include amounts levied to pay
23 for sums to support a library pursuant to section 51-201 or museum
24 pursuant to section 51-501. The county may allocate up to fifteen
25 cents of its authority to other political subdivisions subject
26 to allocation of property tax authority under subsection (1) of
27 section 77-3443 and not specifically covered in this section to

1 levy taxes as authorized by law which do not collectively exceed
2 fifteen cents per one hundred dollars of taxable valuation on any
3 parcel or item of taxable property. The county may allocate to
4 one or more other political subdivisions subject to allocation
5 of property tax authority by the county under subsection (1) of
6 section 77-3443 some or all of the county's five cents per one
7 hundred dollars of valuation authorized for support of an agreement
8 or agreements to be levied by the political subdivision for the
9 purpose of supporting that political subdivision's share of revenue
10 required under an agreement or agreements executed pursuant to the
11 Interlocal Cooperation Act or the Joint Public Agency Act. If an
12 allocation by a county would cause another county to exceed its
13 levy authority under this section, the second county may exceed the
14 levy authority in order to levy the amount allocated.

15 (9) Municipal counties may levy or authorize a maximum
16 levy of one dollar per one hundred dollars of taxable valuation
17 of property subject to the levy. The municipal county may allocate
18 levy authority to any political subdivision or entity subject to
19 allocation under section 77-3443.

20 (10) Property tax levies for judgments, except judgments
21 or orders from the Commission of Industrial Relations, obtained
22 against a political subdivision which require or obligate a
23 political subdivision to pay such judgment, to the extent such
24 judgment is not paid by liability insurance coverage of a
25 political subdivision, for preexisting lease-purchase contracts
26 approved prior to July 1, 1998, for bonded indebtedness approved
27 according to law and secured by a levy on property, and for

1 payments by a public airport to retire interest-free loans from the
2 Department of Aeronautics in lieu of bonded indebtedness at a lower
3 cost to the public airport are not included in the levy limits
4 established by this section.

5 (11) The limitations on tax levies provided in this
6 section are to include all other general or special levies
7 provided by law. Notwithstanding other provisions of law, the
8 only exceptions to the limits in this section are those provided by
9 or authorized by sections 77-3442 to 77-3444.

10 (12) Tax levies in excess of the limitations in this
11 section shall be considered unauthorized levies under section
12 77-1606 unless approved under section 77-3444.

13 (13) For purposes of sections 77-3442 to 77-3444,
14 political subdivision means a political subdivision of this state
15 and a county agricultural society.

16 Sec. 2. Section 79-233, Revised Statutes Cumulative
17 Supplement, 2006, is amended to read:

18 79-233 For purposes of sections 79-232 to 79-246:

19 (1) Enrollment option program means the program
20 established in section 79-234;

21 (2) Option school district means the public school
22 district that a an option student chooses to attend instead of
23 his or her resident school district; ~~except when a student chooses~~
24 ~~to attend another school district in a learning community in which~~
25 ~~the student resides pursuant to section 79-2110;~~

26 (3) Option student means a student that has chosen to
27 attend an option school district, including a student who resides

1 in a learning community and who has chosen to attend an option
2 school district in such learning community prior to the effective
3 date of the establishment of such learning community, but not
4 including a student who resides in a learning community and who
5 enrolls pursuant to section 79-2110 in another school district in
6 such learning community;

7 (4) Resident school district means the public school
8 district in which a student resides; and

9 (5) Siblings means all children residing in the same
10 household on a permanent basis who have the same mother or father
11 or who are stepbrother or stepsister to each other.

12 Sec. 3. Section 79-4,108, Revised Statutes Supplement,
13 2007, is amended to read:

14 79-4,108 (1) Unified system means two or more Class II or
15 III school districts participating in an interlocal agreement
16 under the Interlocal Cooperation Act with approval from the
17 State Committee for the Reorganization of School Districts. The
18 interlocal agreement may include Class I districts if the entire
19 valuation is included in the unified system. The interlocal
20 agreement shall provide for a minimum term of three school
21 years. The agreement shall provide that all property tax and
22 state aid resources shall be shared by the unified system and
23 that a board composed of school board members, with at least
24 one school board member from each district, shall determine
25 the general fund levy, within the limitations placed on school
26 districts and multiple-district school systems pursuant to section
27 77-3442, to be applied in all participating districts and shall

1 determine the distribution of property tax and state aid resources
2 within the unified system. For purposes of section 77-3442, the
3 multiple-district school system shall include all of the Class I,
4 II, and III districts participating in the unified system and the
5 Class I districts or portions thereof affiliated with any of the
6 participating Class II and III districts. The interlocal agreement
7 shall also provide that certificated staff will be employees
8 of the unified system. For any certificated staff employed by
9 the unified system, tenure and seniority as of the effective
10 date of the interlocal agreement shall be transferred to the
11 unified system and tenure and seniority provisions shall continue
12 in the unified system except as provided in sections 79-850 to
13 79-858. If a district withdraws from the unified system or if
14 the interlocal agreement expires and is not renewed, certificated
15 staff employed by a participating district immediately prior to
16 the unification shall be reemployed by the original district and
17 tenure and seniority as of the effective date of the withdrawal
18 or expiration shall be transferred to the original district. The
19 certificated staff hired by the unified system but not employed
20 by a participating district immediately prior to the unification
21 shall be subject to the reduction-in-force policy of the unified
22 system. The interlocal agreement shall also require participating
23 districts to pay obligations of the unified system pursuant to
24 sections 79-850 to 79-858 on a pro rata basis based on the adjusted
25 valuations if a district withdraws from the unified system or if
26 the interlocal agreement expires and is not renewed. Additional
27 provisions in the interlocal agreement shall be determined by the

1 participating districts and shall encourage cooperation within the
2 unified system.

3 (2) Application for unification shall be made to the
4 state committee. The application shall contain a copy of the
5 interlocal agreement signed by the president of each participating
6 school board. The state committee shall approve or disapprove
7 applications for unification within forty days after receipt
8 of the application. If the interlocal agreement complies with
9 subsection (1) of this section and all school boards of the
10 participating districts have approved the interlocal agreement,
11 the state committee shall approve the application. Unification
12 agreements shall be effective on June 1 following approval from
13 the state committee for status as a unified system or on the date
14 specified in the interlocal agreement, except that the date shall
15 be on or after June 1 and on or before September 1 for a specified
16 year. The board established in the interlocal agreement may begin
17 meeting any time after the application has been approved by the
18 state committee.

19 (3) Upon granting the application for unification, the
20 State Department of Education shall recognize the unified system
21 as a single Class II or III district for state aid, budgeting,
22 accreditation, enrollment of students, state programs, and
23 reporting, except that the department shall require such reporting
24 on an individual district basis as necessary to calculate formula
25 need pursuant to the Tax Equity and Educational Opportunities
26 Support Act separately for each participating district beginning
27 with the calculation of state aid for school fiscal year 2009-10.

1 Except as otherwise required by the department, the - The unified
2 system shall submit a single report document for each of the
3 reports required of school districts pursuant to Chapter 79 and
4 shall submit a single budget document pursuant to the Nebraska
5 Budget Act and sections 13-518 to 13-522. The class of district
6 shall be the same as the majority of participating districts,
7 excluding Class I districts. If there are an equal number of Class
8 II and Class III districts in the unified system, the unified
9 system shall be recognized by the department as a Class III
10 district.

11 (4) The school districts participating in a unified
12 system shall retain their separate identities for all purposes
13 except those specified in this section, and participation in a
14 unified system shall not be considered a reorganization.

15 Sec. 4. Section 79-1001, Revised Statutes Supplement,
16 2007, is amended to read:

17 79-1001 Sections 79-1001 to 79-1033 and sections 8 to 20
18 and 39 of this act shall be known and may be cited as the Tax
19 Equity and Educational Opportunities Support Act.

20 Sec. 5. Section 79-1003, Revised Statutes Supplement,
21 2007, is amended to read:

22 79-1003 For purposes of the Tax Equity and Educational
23 Opportunities Support Act:

24 (1) Adjusted general fund operating expenditures means
25 (a) for school fiscal years before school fiscal year 2007-08,
26 general fund operating expenditures as calculated pursuant to
27 subdivision ~~(24)~~ (21) of this section minus the transportation

1 allowance and minus the special receipts allowance, (b) for
2 school fiscal year 2007-08, general fund operating expenditures
3 as calculated pursuant to subdivision ~~(24)~~ (21) of this section
4 minus the sum of the transportation, special receipts, and
5 distance education and telecommunications allowances, ~~and~~ (c)
6 for school fiscal year 2008-09, ~~and each school fiscal year~~
7 ~~thereafter~~, the difference of the product of the general fund
8 operating expenditures as calculated pursuant to subdivision
9 ~~(24)~~ (21) of this section multiplied by the cost growth factor
10 for the school district's cost grouping calculated pursuant to
11 section 79-1007.10 minus the transportation allowance, special
12 receipts allowance, poverty allowance, limited English proficiency
13 allowance, distance education and telecommunications allowance,
14 elementary site allowance, elementary class size allowance, summer
15 school allowance, and focus school and program allowance, (d)
16 for school fiscal years 2009-10 through 2012-13, the difference
17 of the product of the general fund operating expenditures
18 as calculated pursuant to subdivision (21) of this section
19 multiplied by the cost growth factor calculated pursuant to
20 section 79-1007.10 minus the transportation allowance, special
21 receipts allowance, poverty allowance, limited English proficiency
22 allowance, distance education and telecommunications allowance,
23 elementary site allowance, elementary class size allowance, summer
24 school allowance, instructional time allowance, and focus school
25 and program allowance, and (e) for school fiscal year 2013-14
26 and each school fiscal year thereafter, the difference of the
27 product of the general fund operating expenditures as calculated

1 pursuant to subdivision (21) of this section multiplied by the
2 cost growth factor calculated pursuant to section 79-1007.10
3 minus the transportation allowance, special receipts allowance,
4 poverty allowance, limited English proficiency allowance, distance
5 education and telecommunications allowance, elementary site
6 allowance, summer school allowance, instructional time allowance,
7 and focus school and program allowance;

8 (2) Adjusted valuation means the assessed valuation of
9 taxable property of each local system in the state, adjusted
10 pursuant to the adjustment factors described in section 79-1016.
11 Adjusted valuation means the adjusted valuation for the property
12 tax year ending during the school fiscal year immediately preceding
13 the school fiscal year in which the aid based upon that value is
14 to be paid. For purposes of determining the local effort rate yield
15 pursuant to section 79-1015.01, adjusted valuation does not include
16 the value of any property which a court, by a final judgment from
17 which no appeal is taken, has declared to be nontaxable or exempt
18 from taxation;

19 (3) Allocated income tax funds means the amount of
20 assistance paid to a local system pursuant to section 79-1005.01 or
21 79-1005.02 as adjusted by the minimum levy adjustment pursuant to
22 section 79-1008.02;

23 (4) Average daily attendance of a student who resides on
24 Indian land means average daily attendance of a student who resides
25 on Indian land from the most recent data available on November 1
26 preceding the school fiscal year in which aid is to be paid;

27 (5) Average daily membership means the average daily

1 membership for grades kindergarten through twelve attributable to
2 the local system, as provided in each district's annual statistical
3 summary, and includes the proportionate share of students enrolled
4 in a public school instructional program on less than a full-time
5 basis;

6 (6) Base fiscal year means the first school fiscal year
7 following the school fiscal year in which the reorganization or
8 unification occurred;

9 (7) Board means the school board of each school district;

10 (8) Categorical funds means funds limited to a specific
11 purpose by federal or state law, including, but not limited to,
12 Title I funds, Title VI funds, federal vocational education funds,
13 federal school lunch funds, Indian education funds, Head Start
14 funds, and funds from the Education Innovation Fund;

15 (9) Consolidate means to voluntarily reduce the number of
16 school districts providing education to a grade group and does not
17 include dissolution pursuant to section 79-498;

18 ~~(10) Converted contract means an expired contract that~~
19 ~~was in effect for at least fifteen years for the education of~~
20 ~~students in a nonresident district in exchange for tuition from~~
21 ~~the resident district when the expiration of such contract results~~
22 ~~in the nonresident district educating students who would have been~~
23 ~~covered by the contract if the contract were still in effect~~
24 ~~as option students pursuant to the enrollment option program~~
25 ~~established in section 79-234;~~

26 ~~(11) Converted contract option students means students~~
27 ~~who will be option students pursuant to the enrollment option~~

1 program established in section 79-234 for the school fiscal year
2 for which aid is being calculated and who would have been covered
3 by a converted contract if the contract were still in effect and
4 such school fiscal year is the first school fiscal year for which
5 such contract is not in effect;

6 ~~(12)~~ (10) Department means the State Department of
7 Education;

8 ~~(13)~~ Distance education and telecommunications allowance
9 means, for state aid calculated for school fiscal year 2007-08
10 and each school fiscal year thereafter, eighty-five percent of
11 the difference of the costs for (a) telecommunications services,
12 (b) access to data transmission networks that transmit data to
13 and from the school district, and (c) the transmission of data
14 on such networks paid by the school districts in the local
15 system as reported on the annual financial report for the most
16 recently available complete data year minus the receipts from the
17 federal Universal Service Fund pursuant to section 254 of the
18 Telecommunications Act of 1996, 47 U.S.C. 254, as such section
19 existed on January 1, 2006, for the school districts in the local
20 system as reported on the annual financial report for the most
21 recently available complete data year;

22 ~~(14)~~ (11) District means any Class I, II, III, IV, V, or
23 VI school district;

24 ~~(15)~~ (12) Ensuing school fiscal year means the school
25 fiscal year following the current school fiscal year;

26 ~~(16)~~ (13) Equalization aid means the amount of assistance
27 calculated to be paid to a local system pursuant to sections

1 79-1008.01 to 79-1022 and sections 8 to 20 of this act; and
2 ~~79-1022.02;~~

3 ~~(17)~~ (14) Fall membership means the total membership in
4 kindergarten through grade twelve attributable to the local system
5 as reported on the fall school district membership reports for each
6 district pursuant to section 79-528;

7 ~~(18)~~ (15) Fiscal year means the state fiscal year which
8 is the period from July 1 to the following June 30;

9 ~~(19)~~ (16) Formula students means:

10 (a) For school fiscal years prior to school fiscal year
11 2008-09, (i) for state aid certified pursuant to section 79-1022,
12 the sum of fall membership from the school fiscal year immediately
13 preceding the school fiscal year in which the aid is to be paid,
14 multiplied by the average ratio of average daily membership to fall
15 membership for the second school fiscal year immediately preceding
16 the school fiscal year in which aid is to be paid and the prior
17 two school fiscal years, plus qualified early childhood education
18 fall membership plus tuitioned students from the school fiscal year
19 immediately preceding the school fiscal year in which the aid is to
20 be paid and ~~(b)~~ (ii) for final calculation of state aid pursuant to
21 section 79-1065, the sum of average daily membership plus qualified
22 early childhood education average daily membership plus tuitioned
23 students from the school fiscal year immediately preceding the
24 school fiscal year in which the aid was paid; and

25 (b) For school fiscal year 2008-09 and each school fiscal
26 year thereafter, (i) for state aid certified pursuant to section
27 79-1022, the sum of the product of fall membership from the school

1 fiscal year immediately preceding the school fiscal year in which
2 the aid is to be paid multiplied by the average ratio of average
3 daily membership to fall membership for the second school fiscal
4 year immediately preceding the school fiscal year in which the aid
5 is to be paid and the prior two school fiscal years plus sixty
6 percent of the qualified early childhood education fall membership
7 plus tuitioned students from the school fiscal year immediately
8 preceding the school fiscal year in which aid is to be paid minus
9 the product of the number of students enrolled in kindergarten that
10 is not full-day kindergarten from the fall membership multiplied by
11 0.5 and (ii) for final calculation of state aid pursuant to section
12 79-1065, the sum of average daily membership plus sixty percent of
13 the qualified early childhood education average daily membership
14 plus tuitioned students minus the product of the number of students
15 enrolled in kindergarten that is not full-day kindergarten from the
16 average daily membership multiplied by 0.5 from the school fiscal
17 year immediately preceding the school fiscal year in which aid was
18 paid;

19 ~~(20)~~ (17) Free lunch and free milk student means a
20 student who qualified for free lunches or free milk from the most
21 recent data available on November 1 of the school fiscal year
22 immediately preceding the school fiscal year in which aid is to be
23 paid;

24 ~~(21)~~ (18) Full-day kindergarten means kindergarten
25 offered by a district for at least one thousand thirty-two
26 instructional hours;

27 ~~(22)~~ (19) General fund budget of expenditures means

1 the total budget of disbursements and transfers for general fund
2 purposes as certified in the budget statement adopted pursuant
3 to the Nebraska Budget Act, except that for purposes of the
4 limitation imposed in section 79-1023, the calculation of Class I
5 total allowable general fund budget of expenditures minus the
6 special education budget of expenditures pursuant to section
7 79-1083.03, and the calculation pursuant to subdivision (2) of
8 section 79-1027.01, the general fund budget of expenditures does
9 not include any special grant funds, exclusive of local matching
10 funds, received by a district; ~~subject to the approval of the~~
11 ~~department;~~

12 ~~(23)~~ (20) General fund expenditures means all
13 expenditures from the general fund;

14 ~~(24)~~ (21) General fund operating expenditures means:

15 (a) For state aid calculated for school fiscal years
16 prior to school fiscal year 2008-09, the total general fund
17 expenditures minus categorical funds, tuition paid, transportation
18 fees paid to other districts, adult education, summer school,
19 community services, redemption of the principal portion of general
20 fund debt service, retirement incentive plans, staff development
21 assistance, and transfers from other funds into the general fund
22 for the second school fiscal year immediately preceding the school
23 fiscal year in which aid is to be paid as reported on the annual
24 financial report prior to December 1 of the school fiscal year
25 immediately preceding the school fiscal year in which aid is to be
26 paid;

27 (b) For state aid calculated for school fiscal years

1 2008-09 and 2009-10, as reported for the second school fiscal
2 year immediately preceding the school fiscal year in which aid
3 is to be paid on the annual financial report submitted prior
4 to December 1 of the school fiscal year immediately preceding
5 the school fiscal year in which aid is to be paid, the total
6 general fund expenditures minus (i) the amount of all receipts
7 to the general fund, to the extent that such receipts are not
8 included in local system formula resources, from early childhood
9 education tuition, summer school tuition, educational entities as
10 defined in section 79-1201.01 for providing distance education
11 courses through the Educational Service Unit Coordinating Council
12 to such educational entities, private foundations, individuals,
13 associations, charitable organizations, the textbook loan program
14 authorized by section 79-734, and federal impact aid, (ii)
15 the amount of expenditures for categorical funds, tuition paid,
16 transportation fees paid to other districts, adult education,
17 community services, redemption of the principal portion of general
18 fund debt service, retirement incentive plans authorized by section
19 79-855, and staff development assistance authorized by section
20 79-856, and (iii) the amount of any transfers from the general fund
21 to any bond fund and transfers from other funds into the general
22 fund; and

23 (c) For state aid calculated for school fiscal year
24 2010-11 and each school fiscal year thereafter, as reported for
25 the second school fiscal year immediately preceding the school
26 fiscal year in which aid is to be paid on the annual financial
27 report submitted prior to December 1 of the school fiscal year

1 immediately preceding the school fiscal year in which aid is to be
2 paid, the total general fund expenditures minus (i) the amount of
3 all receipts to the general fund, to the extent that such receipts
4 are not included in local system formula resources, from early
5 childhood education tuition, summer school tuition, educational
6 entities as defined in section 79-1201.01 for providing distance
7 education courses through the Educational Service Unit Coordinating
8 Council to such educational entities, private foundations,
9 individuals, associations, charitable organizations, the textbook
10 loan program authorized by section 79-734, federal impact aid,
11 and levy override elections pursuant to section 77-3444, (ii)
12 the amount of expenditures for categorical funds, tuition paid,
13 transportation fees paid to other districts, adult education,
14 community services, redemption of the principal portion of general
15 fund debt service, retirement incentive plans authorized by section
16 79-855, and staff development assistance authorized by section
17 79-856, and (iii) the amount of any transfers from the general fund
18 to any bond fund and transfers from other funds into the general
19 fund;

20 For purposes of this subdivision (21) of this subsection,
21 receipts from levy override elections shall equal ninety-nine
22 percent of the difference of the total general fund levy minus
23 a levy of one dollar and five cents per one hundred dollars of
24 taxable valuation multiplied by the assessed valuation for school
25 districts that have voted pursuant to section 77-3444 to override
26 the maximum levy provided pursuant to section 77-3442;

27 ~~(25)~~ (22) High school district means a school district

1 providing instruction in at least grades nine through twelve;

2 ~~(26)~~ (23) Income tax liability means the amount of the
3 reported income tax liability for resident individuals pursuant to
4 the Nebraska Revenue Act of 1967 less all nonrefundable credits
5 earned and refunds made;

6 ~~(27)~~ (24) Income tax receipts means the amount of income
7 tax collected pursuant to the Nebraska Revenue Act of 1967 less all
8 nonrefundable credits earned and refunds made;

9 ~~(28)~~ (25) Limited English proficiency ~~student~~ means a
10 ~~student~~ students means (a) for school fiscal years prior to school
11 fiscal year 2009-10, the number of students with limited English
12 proficiency in a district from the most recent data available on
13 November 1 of the school fiscal year preceding the school fiscal
14 year in which aid is to be paid and (b) for school fiscal year
15 2009-10 and each school fiscal year thereafter, the number of
16 students with limited English proficiency in a district from the
17 most recent data available on November 1 of the school fiscal year
18 preceding the school fiscal year in which aid is paid plus the
19 difference of such students with limited English proficiency minus
20 the average number of limited English proficiency students for
21 such district, prior to such addition, for the three immediately
22 preceding school fiscal years if such difference is greater than
23 zero;

24 ~~(29)~~ (26) Local system means a learning community, a
25 unified system, a Class VI district and the associated Class I
26 districts, or a Class II, III, IV, or V district and any affiliated
27 Class I districts or portions of Class I districts, and for school

1 ~~fiscal year 2008-09 and each school fiscal year thereafter,~~ a
2 ~~learning community or a Class II, III, IV, or V district that is~~
3 ~~not a member of a learning community.~~ The membership, expenditures,
4 and resources of Class I districts that are affiliated with
5 multiple high school districts will be attributed to local systems
6 based on the percent of the Class I valuation that is affiliated
7 with each high school district;

8 ~~(30)~~ (27) Low-income child means (a) for school fiscal
9 years prior to 2008-09, a child under nineteen years of age living
10 in a household having an annual adjusted gross income of fifteen
11 thousand dollars or less for the second calendar year preceding
12 the beginning of the school fiscal year for which aid is being
13 calculated and (b) for school fiscal year 2008-09 and each school
14 fiscal year thereafter, a child under nineteen years of age living
15 in a household having an annual adjusted gross income for the
16 second calendar year preceding the beginning of the school fiscal
17 year for which aid is being calculated equal to or less than the
18 maximum household income that would allow a student from a family
19 of four people to be a free lunch and free milk student during the
20 school fiscal year immediately preceding the school fiscal year for
21 which aid is being calculated;

22 ~~(31)~~ (28) Low-income students means the number of
23 low-income children within the ~~local system~~ district multiplied by
24 the ratio of the formula students in the ~~local system~~ district
25 divided by the total children under nineteen years of age
26 residing in the ~~local system~~ district as derived from income tax
27 information;

1 ~~(32)~~ (29) Most recently available complete data year
2 means the most recent single school fiscal year for which the
3 annual financial report, fall school district membership report,
4 annual statistical summary, Nebraska income tax liability by school
5 district for the calendar year in which the majority of the school
6 fiscal year falls, and adjusted valuation data are available;

7 ~~(33)~~ (30) Poverty students means (a) for school fiscal
8 years prior to school fiscal year 2009-10, the number of low-income
9 students or the number of students who are free lunch and free
10 milk students in a ~~local system,~~ district, whichever is greater,
11 and (b) for school fiscal year 2009-10 and each school fiscal year
12 thereafter, the number of low-income students or the number of
13 students who are free lunch and free milk students in a district
14 plus the difference of the number of low-income students or the
15 number of students who are free lunch and free milk students in a
16 district, whichever is greater, minus the average number of poverty
17 students for such district, prior to such addition, for the three
18 immediately preceding school fiscal years if such difference is
19 greater than zero;

20 ~~(34)~~ (31) Qualified early childhood education average
21 daily membership means the product of the average daily membership
22 for school fiscal year 2006-07 and each school fiscal year
23 thereafter of students who will be eligible to attend kindergarten
24 the following school year and are enrolled in an early childhood
25 education program approved by the department pursuant to section
26 79-1103 for such school district for such school year multiplied by
27 the ratio of the actual instructional hours of the program divided

1 by one thousand thirty-two if: (a) The program is receiving a grant
2 pursuant to such section for the third year; (b) the program has
3 already received grants pursuant to such section for three years;
4 or (c) the program has been approved pursuant to subsection (5) of
5 section 79-1103 for such school year and the two preceding school
6 years, including any such students in portions of any of such
7 programs receiving an expansion grant_{i7} ~~multiplied by the ratio~~
8 ~~of the actual instructional hours of the program divided by one~~
9 ~~thousand thirty-two;~~

10 ~~(35)~~ (32) Qualified early childhood education fall
11 membership means the product of membership on the last Friday
12 in September 2006 and each year thereafter of students who will
13 be eligible to attend kindergarten the following school year and
14 are enrolled in an early childhood education program approved
15 by the department pursuant to section 79-1103 for such school
16 district for such school year multiplied by the ratio of the
17 planned instructional hours of the program divided by one thousand
18 thirty-two if: (a) The program is receiving a grant pursuant to
19 such section for the third year; (b) the program has already
20 received grants pursuant to such section for three years; or (c)
21 the program has been approved pursuant to subsection (5) of section
22 79-1103 for such school year and the two preceding school years,
23 including any such students in portions of any of such programs
24 receiving an expansion grant_{i7} ~~multiplied by the ratio of the~~
25 ~~planned instructional hours of the program divided by one thousand~~
26 ~~thirty-two;~~

27 ~~(36)~~ (33) Regular route transportation means the

1 transportation of students on regularly scheduled daily routes to
2 and from the attendance center;

3 ~~(37)~~ (34) Reorganized district means any district
4 involved in a consolidation and currently educating students
5 following consolidation;

6 ~~(38)~~ (35) School year or school fiscal year means the
7 fiscal year of a school district as defined in section 79-1091;

8 (36) Sparse local system means a local system that is not
9 a very sparse local system but which meets the following criteria:

10 (a) (i) Less than two students per square mile in the
11 county in which each high school is located, based on the school
12 district census, (ii) less than one formula student per square
13 mile in the local system, and (iii) more than ten miles between
14 each high school attendance center and the next closest high school
15 attendance center on paved roads;

16 (b) (i) Less than one and one-half formula students per
17 square mile in the local system and (ii) more than fifteen miles
18 between each high school attendance center and the next closest
19 high school attendance center on paved roads;

20 (c) (i) Less than one and one-half formula students per
21 square mile in the local system and (ii) more than two hundred
22 seventy-five square miles in the local system; or

23 (d) (i) Less than two formula students per square mile in
24 the local system and (ii) the local system includes an area equal
25 to ninety-five percent or more of the square miles in the largest
26 county in which a high school attendance center is located in the
27 local system;

1 ~~(39)~~ (37) Special education means specially designed
2 kindergarten through grade twelve instruction pursuant to section
3 79-1125, and includes special education transportation;

4 ~~(40)~~ (38) Special grant funds means the budgeted receipts
5 for grants, including, but not limited to, Title I funds, Title
6 VI funds, funds from the Education Innovation Fund, reimbursements
7 for wards of the court, short-term borrowings including, but
8 not limited to, registered warrants and tax anticipation notes,
9 interfund loans, insurance settlements, and reimbursements to
10 county government for previous overpayment. The state board shall
11 approve a listing of grants that qualify as special grant funds;

12 ~~(41)~~ Special receipts allowance means the amount of
13 special education, state ward, and accelerated or differentiated
14 curriculum program receipts included in local system formula
15 resources under subdivisions ~~(7)~~, ~~(8)~~, ~~(16)~~, and ~~(17)~~ of section
16 79-1018.01 attributable to the school district;

17 ~~(42)~~ (39) State aid means the amount of assistance
18 paid to a district pursuant to the Tax Equity and Educational
19 Opportunities Support Act;

20 ~~(43)~~ (40) State board means the State Board of Education;

21 ~~(44)~~ (41) State support means all funds provided to
22 districts by the State of Nebraska for the general fund support of
23 elementary and secondary education;

24 (42) Statewide average basic funding per formula student
25 means the statewide total basic funding for all districts divided
26 by the statewide total formula students for all districts;

27 (43) Statewide average general fund operating

1 expenditures per formula student means the statewide total
2 general fund operating expenditures for all districts divided by
3 the statewide total formula students for all districts;

4 (44) Teacher has the definition found in section 79-101;

5 (45) Temporary aid adjustment factor means (a) for school
6 fiscal years before school fiscal year 2007-08, one and one-fourth
7 percent of the sum of the local system's transportation allowance,
8 the local system's special receipts allowance, and the product
9 of the local system's adjusted formula students multiplied by
10 the average formula cost per student in the local system's
11 cost grouping and (b) for school fiscal year 2007-08, one and
12 one-fourth percent of the sum of the local system's transportation
13 allowance, special receipts allowance, and distance education and
14 telecommunications allowance and the product of the local system's
15 adjusted formula students multiplied by the average formula cost
16 per student in the local system's cost grouping;

17 ~~(46) Transportation allowance means the lesser of (a)~~
18 ~~each local system's general fund expenditures for regular route~~
19 ~~transportation and in lieu of transportation expenditures pursuant~~
20 ~~to section 79-611 in the second school fiscal year immediately~~
21 ~~preceding the school fiscal year in which aid is to be paid,~~
22 ~~but not including special education transportation expenditures or~~
23 ~~other expenditures previously excluded from general fund operating~~
24 ~~expenditures, or (b) the number of miles traveled in the second~~
25 ~~school fiscal year immediately preceding the school fiscal year in~~
26 ~~which aid is to be paid by vehicles owned, leased, or contracted~~
27 ~~by the district or the districts in the local system for the~~

1 purpose of regular route transportation multiplied by four hundred
2 percent of the mileage rate established by the Department of
3 Administrative Services pursuant to section 81-1176 as of January 1
4 of the most recently available complete data year added to in lieu
5 of transportation expenditures pursuant to section 79-611 from the
6 same data year;

7 ~~(47)~~ Tuition receipts from converted contracts means
8 tuition receipts received by a district from another district
9 in the most recently available complete data year pursuant to a
10 converted contract prior to the expiration of the contract; and

11 ~~(48)~~ (46) Tuitioned students means students in
12 kindergarten through grade twelve of the district whose tuition is
13 paid by the district to some other district or education agency;
14 and -

15 (47) Very sparse local system means a local system that
16 has:

17 (a) (i) Less than one-half student per square mile in
18 each county in which each high school attendance center is located
19 based on the school district census, (ii) less than one formula
20 student per square mile in the local system, and (iii) more than
21 fifteen miles between the high school attendance center and the
22 next closest high school attendance center on paved roads; or

23 (b) (i) More than four hundred fifty square miles in the
24 local system, (ii) less than one-half student per square mile in
25 the local system, and (iii) more than fifteen miles between each
26 high school attendance center and the next closest high school
27 attendance center on paved roads.

1 Sec. 6. Section 79-1003.01, Revised Statutes Supplement,
2 2007, is amended to read:

3 79-1003.01 ~~For purposes of this section and section~~
4 ~~79-1007.03, summer~~ For school fiscal year 2008-09 and each school
5 fiscal year thereafter, the department shall calculate a summer
6 school allowance for each district equal to two and one-half
7 percent of the summer school student units for such district
8 multiplied by eighty-five percent of the statewide average general
9 fund operating expenditures per formula student. Summer school
10 student unit means one units shall be calculated for each student
11 enrolled in summer school in a school district who attends such
12 summer school for at least twelve days, whether or not the student
13 is in the membership of the school district. The initial number of
14 units for each such student shall equal the sum of the ratios, each
15 rounded down to the nearest whole number, of the number of days for
16 which the student attended summer school classes in such district
17 for at least three hours and less than six hours per day divided
18 by twelve days and of two times the number of days for which the
19 student attended summer school classes in such district for six or
20 more hours per day divided by twelve days. ~~for (1) at least three~~
21 ~~hours but fewer than six hours per day and (2) at least twelve~~
22 ~~days but fewer than twenty-four days. Each school district shall~~
23 ~~receive a summer school student unit for each qualified time period~~
24 ~~for which a student is enrolled, up to six units per student per~~
25 ~~summer.~~

26 Each school district shall receive an additional summer
27 school student unit for each summer school student unit attributed

1 to remedial math or reading programs. Each school district shall
2 also receive an additional summer school student unit for each
3 summer school student unit attributed to a free lunch and free
4 milk student. This section does not prevent school districts from
5 requiring and collecting fees for summer school, except that summer
6 school student units shall not be calculated for ~~summer~~ school
7 districts programs for which collect fees are collected for summer
8 school from students who qualify for free or reduced-price lunches
9 under United States Department of Agriculture child nutrition
10 programs.

11 Sec. 7. Section 79-1007.02, Revised Statutes Supplement,
12 2007, is amended to read:

13 79-1007.02 For state aid calculated for school fiscal
14 ~~year 1998-99 and each school fiscal year thereafter+ years prior to~~
15 school fiscal year 2008-09:

16 (1) Using data from the annual financial reports for the
17 second school fiscal year immediately preceding the school fiscal
18 year in which aid is to be paid, the annual statistical summary
19 reports for the school fiscal year immediately preceding the school
20 fiscal year in which aid is to be paid, the fall membership reports
21 and supplements thereto for the school fiscal year immediately
22 preceding the school fiscal year in which aid is to be paid,
23 and the school district census as reported under sections 79-524
24 and 79-578 for the second school fiscal year preceding the school
25 fiscal year in which aid is to be paid, the department shall
26 divide the local systems into three cost groupings prior to the
27 certification of state aid based upon the following criteria:

1 (a) The very sparse cost grouping will consist of local
2 systems that have (i) (A) less than one-half student per square
3 mile in each county in which each high school attendance center
4 is located, based on the school district census, (B) less than
5 one formula student per square mile in the local system, and (C)
6 more than fifteen miles between the high school attendance center
7 and the next closest high school attendance center on paved roads
8 or (ii) (A) more than four hundred fifty square miles in the local
9 system, (B) less than one-half student per square mile in the local
10 system, and (C) more than fifteen miles between each high school
11 attendance center and the next closest high school attendance
12 center on paved roads;

13 (b) The sparse cost grouping will consist of local
14 systems that do not qualify for the very sparse cost grouping but
15 which meet the following criteria:

16 (i) (A) Less than two students per square mile in the
17 county in which each high school is located, based on the school
18 district census, (B) less than one formula student per square mile
19 in the local system, and (C) more than ten miles between each
20 high school attendance center and the next closest high school
21 attendance center on paved roads;

22 (ii) (A) Less than one and one-half formula students per
23 square mile in the local system and (B) more than fifteen miles
24 between each high school attendance center and the next closest
25 high school attendance center on paved roads;

26 (iii) (A) Less than one and one-half formula students per
27 square mile in the local system and (B) more than two hundred

1 seventy-five square miles in the local system; or

2 (iv) (A) Less than two formula students per square mile in
3 the local system and (B) the local system includes an area equal
4 to ninety-five percent or more of the square miles in the largest
5 county in which a high school attendance center is located in the
6 local system; and

7 (c) The standard cost grouping will consist of local
8 systems that do not qualify for the very sparse or the sparse cost
9 groupings.

10 For purposes of subdivision (1) of this section, if a
11 local system did not operate and offer instruction in grades nine
12 through twelve within the boundaries of the local system during the
13 school fiscal year immediately preceding the school fiscal year in
14 which aid is to be paid, the local system shall not be considered
15 to have a high school attendance center;

16 (2) (a) The department shall calculate the average formula
17 cost per student in each cost grouping by dividing the total
18 estimated general fund operating expenditures for the cost grouping
19 by the difference between the total adjusted formula students for
20 all local systems in the cost grouping minus (i) the adjusted
21 formula students attributed to early childhood education programs
22 approved by the department pursuant to section 79-1103 for the
23 first two school fiscal years for which students attributed to
24 early childhood education programs approved by the department
25 pursuant to section 79-1103 are being included in the calculation
26 of state aid for the local system and (ii) for the first two
27 school fiscal years immediately following the school fiscal year in

1 which a district in the local system received an expansion grant
2 pursuant to section 79-1103, the difference between the adjusted
3 formula students attributed to early childhood education programs
4 approved by the department pursuant to section 79-1103 for the
5 school fiscal year immediately following the school fiscal year in
6 which a district in the local system received an expansion grant
7 minus the adjusted formula students attributed to early childhood
8 education programs approved by the department pursuant to section
9 79-1103 for the school fiscal year in which a district in the
10 local system received an expansion grant. For the calculation of
11 state aid for school fiscal year 1999-00 and for each school fiscal
12 year thereafter, the average formula cost per student in each cost
13 grouping shall not be recalculated for the final calculation of
14 state aid pursuant to section 79-1065. The calculation of total
15 adjusted formula students for purposes of this subdivision shall
16 take into account the requirements of subdivision (2) of section
17 79-1007.01. For school fiscal years prior to school fiscal year
18 2008-09, the total estimated general fund operating expenditures
19 for the cost grouping is equal to the total adjusted general fund
20 operating expenditures for all local systems in the cost grouping
21 multiplied by a cost growth factor. For school fiscal year 2008-09,
22 ~~and each school fiscal year thereafter,~~ the total estimated general
23 fund operating expenditures for the cost grouping is equal to the
24 total adjusted general fund operating expenditures for all local
25 systems in the cost grouping.

26 (b) For school fiscal years prior to school fiscal year
27 2008-09, the cost growth factor for each cost grouping is equal to

1 the sum of: (i) One; plus (ii) the product of two times the ratio
2 of the difference of (A) the formula students attributable to the
3 cost grouping without weighting or adjustment pursuant to section
4 79-1007.01 minus the qualified early childhood education fall
5 membership attributable to the cost grouping without such weighting
6 or adjustment for state aid certified pursuant to section 79-1022
7 minus (B) the difference of the sum of the average daily membership
8 plus tuitioned students attributable to the cost grouping for the
9 most recently available complete data year minus the qualified
10 early childhood education average daily membership attributable to
11 the cost grouping without such weighting or adjustment for the most
12 recently available complete data year divided by the difference of
13 the sum of the average daily membership plus tuitioned students
14 attributable to the cost grouping for the most recently available
15 complete data year minus the qualified early childhood education
16 average daily membership attributable to the cost grouping without
17 such weighting or adjustment for the most recently available
18 complete data year, except that the ratio shall not be less than
19 zero; plus (iii) the basic allowable growth rate pursuant to
20 section 79-1025 for the school fiscal year in which the aid is to
21 be distributed; plus (iv) the basic allowable growth rate pursuant
22 to section 79-1025 for the school fiscal year immediately preceding
23 the school fiscal year in which the aid is to be distributed;
24 plus (v) one-half of any additional growth rate allowed by special
25 action of school boards for the school fiscal year in which the
26 aid is to be distributed as determined for the school fiscal
27 year immediately preceding the school fiscal year when aid is to

1 be distributed; plus (vi) one-half of any additional growth rate
2 allowed by special action of the school boards for the school
3 fiscal year immediately preceding the school fiscal year when the
4 aid is to be distributed;

5 (3) For school fiscal years 2002-03 through 2006-07, each
6 local system's formula need shall be calculated by subtracting
7 the temporary aid adjustment factor from the sum of the local
8 system's transportation allowance, the local system's special
9 receipts allowance, and the product of the local system's adjusted
10 formula students multiplied by the average formula cost per student
11 in the local system's cost grouping. The calculation of total
12 adjusted formula students for purposes of this subdivision shall
13 take into account the requirements of subdivision (2) of section
14 79-1007.01; and

15 (4) For school fiscal year 2007-08, each local system's
16 formula need shall be calculated by subtracting the temporary aid
17 adjustment factor from the sum of the local system's transportation
18 allowance, special receipts allowance, and distance education and
19 telecommunications allowance and the product of the local system's
20 adjusted formula students multiplied by the average formula cost
21 per student in the local system's cost grouping. The calculation
22 of total adjusted formula students for purposes of this subdivision
23 shall take into account the requirements of subdivision (2) of
24 section 79-1007.01 ~~and~~

25 ~~(5) For school fiscal year 2008-09 and each school~~
26 ~~fiscal year thereafter, each school district's formula need~~
27 ~~shall equal the greater of (a) the difference of the sum of~~

1 the school district's transportation allowance, elementary class
2 size allowance, focus school and program allowance, limited
3 English proficiency allowance, poverty allowance, special receipts
4 allowance, and distance education and telecommunications allowance
5 plus the product of the school district's adjusted formula students
6 multiplied by the average formula cost per student in the school
7 district's local system cost grouping minus the sum of the limited
8 English proficiency allowance correction and poverty allowance
9 correction or (b) if the school district's general fund levy was
10 at or above ninety-five percent of the school district's maximum
11 levy pursuant to section 77-3442, the school district's prior year
12 formula need multiplied by one hundred percent. The calculation of
13 total adjusted formula students for purposes of this subdivision
14 shall take into account the requirements of subdivision (2) of
15 section 79-1007.03.

16 Sec. 8. (1) Except as otherwise provided in this section,
17 for school fiscal year 2008-09, each school district's formula need
18 shall equal the difference of the sum of the school district's
19 basic funding, poverty allowance, limited English proficiency
20 allowance, elementary class size allowance, focus school and
21 program allowance, summer school allowance, special receipts
22 allowance, transportation allowance, elementary site allowance,
23 distance education and telecommunications allowance, averaging
24 adjustment, and teacher education adjustment, minus the sum of the
25 limited English proficiency allowance correction, poverty allowance
26 correction, and local choice adjustment.

27 (2) Except as otherwise provided in this section, for

1 school fiscal years 2009-10 and 2010-11, each school district's
2 formula need shall equal the difference of the sum of the
3 school district's basic funding, poverty allowance, limited
4 English proficiency allowance, elementary class size allowance,
5 focus school and program allowance, summer school allowance,
6 special receipts allowance, transportation allowance, elementary
7 site allowance, instructional time allowance, distance education
8 and telecommunications allowance, averaging adjustment, teacher
9 education adjustment, new learning community transportation
10 adjustment, student growth adjustment, and new school adjustment,
11 minus the sum of the limited English proficiency allowance
12 correction, poverty allowance correction, and local choice
13 adjustment.

14 (3) Except as otherwise provided in this section, for
15 school fiscal years 2011-12 and 2012-13, each school district's
16 formula need shall equal the difference of the sum of the
17 school district's basic funding, poverty allowance, limited
18 English proficiency allowance, elementary class size allowance,
19 focus school and program allowance, summer school allowance,
20 special receipts allowance, transportation allowance, elementary
21 site allowance, instructional time allowance, distance education
22 and telecommunications allowance, averaging adjustment, teacher
23 education adjustment, new learning community transportation
24 adjustment, student growth adjustment, any positive student growth
25 adjustment correction, and new school adjustment, minus the sum
26 of the limited English proficiency allowance correction, poverty
27 allowance correction, any negative student growth adjustment

1 correction, and local choice adjustment.

2 (4) Except as otherwise provided in this section, for
3 school fiscal year 2013-14 and each school fiscal year thereafter,
4 each school district's formula need shall equal the difference of
5 the sum of the school district's basic funding, poverty allowance,
6 limited English proficiency allowance, focus school and program
7 allowance, summer school allowance, special receipts allowance,
8 transportation allowance, elementary site allowance, instructional
9 time allowance, distance education and telecommunications
10 allowance, averaging adjustment, teacher education adjustment,
11 new learning community transportation adjustment, student growth
12 adjustment, any positive student growth adjustment correction,
13 and new school adjustment, minus the sum of the limited English
14 proficiency allowance correction, poverty allowance correction, any
15 negative student growth adjustment correction, and local choice
16 adjustment.

17 (5) If the formula need calculated for a school district
18 pursuant to subsections (1) through (4) of this section is less
19 than one hundred percent of the formula need for such district
20 for the school fiscal year immediately preceding the school fiscal
21 year for which aid is being calculated, the formula need for such
22 district shall equal one hundred percent of the formula need for
23 such district for the school fiscal year immediately preceding
24 the school fiscal year for which aid is being calculated. If
25 the formula need calculated for a school district pursuant to
26 subsections (1) through (4) of this section is more than one
27 hundred twelve percent of the formula need for such district for

1 the school fiscal year immediately preceding the school fiscal
2 year for which aid is being calculated, the formula need for such
3 district shall equal one hundred twelve percent of the formula
4 need for such district for the school fiscal year immediately
5 preceding the school fiscal year for which aid is being calculated,
6 except that the formula need shall not be reduced pursuant to
7 this subsection for any district (a) receiving a student growth
8 adjustment for the school fiscal year for which aid is being
9 calculated or (b) for school fiscal year 2008-09, for which the
10 formula students for the certification of aid pursuant to section
11 79-1022 for school fiscal year 2008-09 minus the formula students
12 for the certification of aid pursuant to section 79-1022 for school
13 fiscal year 2007-08 equals at least the greater of twenty-five
14 students or one percent of the formula students for the final
15 calculation of aid pursuant to section 79-1065 for school fiscal
16 year 2007-08. For purposes of this subsection, the formula need for
17 the school fiscal year immediately preceding the school fiscal year
18 for which aid is being calculated shall be the formula need used in
19 the recalculation of aid pursuant to section 79-1065.

20 Sec. 9. The department shall calculate a transportation
21 allowance for each district equal to the lesser of:

22 (1) Each local system's general fund expenditures
23 for regular route transportation and in lieu of transportation
24 expenditures pursuant to section 79-611 in the second school fiscal
25 year immediately preceding the school fiscal year in which aid
26 is to be paid, but not including special education transportation
27 expenditures or other expenditures previously excluded from general

1 fund operating expenditures; or

2 (2) The number of miles traveled in the second school
3 fiscal year immediately preceding the school fiscal year in which
4 aid is to be paid by vehicles owned, leased, or contracted by the
5 district or the districts in the local system for the purpose of
6 regular route transportation multiplied by four hundred percent of
7 the mileage rate established by the Department of Administrative
8 Services pursuant to section 81-1176 as of January 1 of the
9 most recently available complete data year added to in lieu of
10 transportation expenditures pursuant to section 79-611 from the
11 same data year.

12 Sec. 10. The department shall calculate a special
13 receipts allowance for each district equal to the amount of special
14 education, state ward, and accelerated or differentiated curriculum
15 program receipts included in local system formula resources under
16 subdivisions (7), (8), (16), and (17) of section 79-1018.01
17 attributable to the school district.

18 Sec. 11. The department shall calculate a distance
19 education and telecommunications allowance for each school district
20 equal to eighty-five percent of the difference of the costs for
21 (1) telecommunications services, (2) access to data transmission
22 networks that transmit data to and from the school district, and
23 (3) the transmission of data on such networks paid by the school
24 districts in the local system as reported on the annual financial
25 report for the most recently available complete data year minus
26 the receipts from the federal Universal Service Fund pursuant
27 to section 254 of the Telecommunications Act of 1996, 47 U.S.C.

1 254, as such section existed on January 1, 2008, for the school
2 districts in the local system as reported on the annual financial
3 report for the most recently available complete data year.

4 Sec. 12. (1) For school fiscal year 2008-09, the
5 department shall calculate an elementary site allowance for any
6 district in which (a) the district has more than one elementary
7 attendance site, (b) at least one of the elementary attendance
8 sites does not offer any other grades, (c) the square miles in the
9 district divided by the number of elementary attendance sites in
10 the district equals one hundred square miles or more per elementary
11 attendance site, and (d) the fall membership in elementary grades
12 in the district divided by the number of elementary grades then
13 divided again by the number of elementary attendance sites equals
14 fifteen or fewer students per grade per elementary attendance site.
15 Qualifying elementary attendance sites for such districts shall
16 only offer elementary grades and shall have an average of fifteen
17 or fewer students per grade in the fall membership.

18 (2) For school fiscal year 2009-10 and each school fiscal
19 year thereafter, the department shall calculate an elementary site
20 allowance for any district which has at least one qualifying
21 elementary attendance site and which submits the information
22 required for the calculation on a form prescribed by the department
23 on or before October 15 of the school fiscal year preceding the
24 school fiscal year for which aid is being calculated. A qualifying
25 elementary attendance site shall be an elementary attendance site,
26 in a district with multiple elementary attendance sites, which does
27 not have another elementary attendance site within seven miles in

1 the same school district or which is the only public elementary
2 attendance site located in an incorporated city or village.

3 (3) The elementary site allowance for each qualifying
4 district shall equal the sum of the elementary site allowances for
5 each qualifying elementary attendance site in the district. The
6 elementary site allowance for each qualifying elementary attendance
7 site shall equal five hundred percent of the statewide average
8 general fund operating expenditures per formula student multiplied
9 by the result of rounding the ratio of the fall membership
10 attributed to the elementary attendance site divided by eight up to
11 the next whole number if the result was not a whole number, except
12 that if the resulting whole number is greater than the number of
13 elementary grades offered in the elementary attendance site, the
14 whole number shall be reduced to equal the number of grades offered
15 in the elementary attendance site.

16 (4) For purposes of this section:

17 (a) Each district shall determine which grades are
18 considered elementary grades, except that (i) all grades designated
19 as elementary grades shall be offered in each elementary attendance
20 site in the district and (ii) elementary grades shall not include
21 grades nine, ten, eleven, or twelve;

22 (b) An elementary attendance site is an attendance site
23 in which elementary grades are offered;

24 (c) The primary elementary site shall be the elementary
25 attendance site to which the most formula students are attributed
26 in the district and shall not be a qualifying elementary attendance
27 site; and

1 (d) Fall membership means the fall membership for the
2 school fiscal year immediately preceding the school fiscal year for
3 which aid is being calculated.

4 Sec. 13. For school fiscal year 2008-09 and each school
5 fiscal year thereafter, the department shall calculate basic
6 funding for each district as follows:

7 (1) A comparison group shall be established for each
8 district consisting of the districts for which basic funding is
9 being calculated, the five larger districts that are closest in
10 size to the district for which basic funding is being calculated as
11 measured by formula students, and the five smaller districts that
12 are closest in size to the district for which basic funding is
13 being calculated as measured by formula students. If there are not
14 five districts that are larger than the district for which basic
15 funding is being calculated or if there are not five districts
16 that are smaller than the district for which basic funding is
17 being calculated, the comparison group shall consist of only as
18 many districts as fit the criteria. If more than one district
19 has exactly the same number of formula students as the largest or
20 smallest district in the comparison group, all of the districts
21 with exactly the same number of formula students as the largest or
22 smallest districts in the comparison group shall be included in the
23 comparison group. If one or more districts have exactly the same
24 number of formula students as the district for which basic funding
25 is being calculated, all such districts shall be included in the
26 comparison group in addition to the five larger districts and the
27 five smaller districts;

1 (2) For districts with nine hundred or more formula
2 students, basic funding shall equal the adjusted formula students
3 multiplied by the average of the adjusted general fund operating
4 expenditures per formula student for each district in the
5 comparison group, excluding both the district with the highest
6 adjusted general fund operating expenditures per adjusted formula
7 student and the district with the lowest adjusted general fund
8 operating expenditures per formula student of the districts in the
9 comparison group; and

10 (3) For districts with fewer than nine hundred formula
11 students, basic funding shall equal the product of the average
12 of the adjusted general fund operating expenditures for each
13 district in the comparison group, excluding both the district
14 with the highest adjusted general fund operating expenditures
15 and the district with the lowest adjusted general fund operating
16 expenditures of the districts in the comparison group.

17 Sec. 14. For school fiscal year 2008-09 and each school
18 fiscal year thereafter, the department shall calculate a local
19 choice adjustment for each district that:

20 (1) Has fewer than three hundred ninety formula students;

21 (2) Is not in a sparse local system or a very sparse
22 local system; and

23 (3) Did not receive federal funds in excess of
24 twenty-five percent of its general fund budget of expenditures
25 in the most recently available complete data year or in either of
26 the two school fiscal years preceding the most recently available
27 complete data year.

1 The local choice adjustment for each such district shall
2 equal fifty percent of the difference between the basic funding
3 per formula student for the district for which the local choice
4 adjustment is being calculated and the basic funding per formula
5 student for the district that has the closest to three hundred
6 ninety formula students multiplied by the formula students for the
7 district for which the local choice adjustment is being calculated,
8 except that the local choice adjustment shall equal zero if the
9 basic funding per formula student for the district for which the
10 local choice adjustment is being calculated is less than the basic
11 funding per formula student for the district that has the closest
12 to three hundred ninety formula students. If more than one district
13 has the closest to three hundred ninety formula students, the
14 basic funding representing the district that has the closest to
15 three hundred ninety formula students shall equal the average of
16 the basic funding per formula student for each such district. The
17 closest to three hundred ninety formula students shall be measured
18 using the absolute value of the difference of three hundred ninety
19 students minus the district formula students with the difference
20 rounded to the nearest whole number.

21 Sec. 15. For school fiscal year 2008-09 and each school
22 fiscal year thereafter, the department shall calculate an averaging
23 adjustment for districts if the basic funding per formula student
24 is less than the statewide average basic funding per formula
25 student and the general fund levy for the school fiscal year
26 immediately preceding the school fiscal year for which aid is
27 being calculated was at least one dollar per one hundred dollars

1 of taxable valuation. For school districts that are members of
2 a learning community, the general fund levy for purposes of this
3 section includes both the common general fund levy and the school
4 district general fund levy authorized pursuant to subdivisions
5 (2)(b) and (2)(c) of section 77-3442. The averaging adjustment
6 shall equal the district's formula students multiplied by the
7 percentage specified in this section for such district of the
8 difference between the statewide average basic funding per formula
9 student minus such district's basic funding per formula student.

10 The percentage to be used in the calculation of an
11 averaging adjustment shall be based on the general fund levy for
12 the school fiscal year immediately preceding the school fiscal year
13 for which aid is being calculated as follows:

14 (1) If such levy was at least one dollar per one hundred
15 dollars of taxable valuation but less than one dollar and one cent
16 per one hundred dollars of taxable valuation, the percentage shall
17 be fifty percent;

18 (2) If such levy was at least one dollar and one cent per
19 one hundred dollars of taxable valuation but less than one dollar
20 and two cents per one hundred dollars of taxable valuation, the
21 percentage shall be sixty percent;

22 (3) If such levy was at least one dollar and two
23 cents per one hundred dollars of taxable valuation but less than
24 one dollar and three cents per one hundred dollars of taxable
25 valuation, the percentage shall be seventy percent;

26 (4) If such levy was at least one dollar and three cents
27 per one hundred dollars of taxable valuation but less than one

1 dollar and four cents per one hundred dollars of taxable valuation,
2 the percentage shall be eighty percent; and

3 (5) If such levy was at least one dollar and four cents
4 per one hundred dollars of taxable valuation, the percentage shall
5 be ninety percent.

6 Sec. 16. For school fiscal year 2008-09 and each school
7 fiscal year thereafter, the department shall calculate a teacher
8 education adjustment for each district as follows:

9 (1) Teacher education points shall be calculated for each
10 district by the department. Each district shall receive one point
11 for each full-time equivalent teacher who has earned and been
12 awarded a master's degree or the equivalent of a master's degree
13 as determined by the department and one additional point for each
14 full-time equivalent teacher who has earned and been awarded a
15 doctoral degree;

16 (2) A teacher education index shall be calculated for
17 each district by dividing the ratio of teacher education points for
18 the district divided by the number of full-time equivalent teachers
19 in the district by the ratio of teacher education points for all
20 districts divided by the number of full-time equivalent teachers in
21 all districts; and

22 (3) The teacher education adjustment for each district
23 shall equal thirteen and seventy-five one-hundredths percent of
24 the district's basic funding multiplied by the difference of the
25 product of the district's teacher education index minus one, except
26 that if the result is less than zero, the teacher education
27 adjustment shall equal zero.

1 Sec. 17. (1) For school fiscal year 2009-10 and each
2 school fiscal year thereafter, school districts may apply to the
3 state board for a student growth adjustment, on a form prescribed
4 by the department, on or before October 10 of the school fiscal
5 year immediately preceding the school fiscal year for which aid
6 is being calculated. Such form shall require an estimate of the
7 average daily membership for the school fiscal year for which aid
8 is being calculated, the estimated student growth calculated by
9 subtracting the fall membership of the current school fiscal year
10 from the estimated average daily membership for the school fiscal
11 year for which aid is being calculated, and evidence supporting
12 the estimates. At the immediately following November state board
13 meeting, the state board shall approve the estimated student
14 growth, approve a modified student growth, or deny the application
15 based on the requirements of this section, the evidence submitted
16 on the application, and any other information provided by the
17 department. The department shall notify each school district of
18 the action taken by the state board within five days following the
19 November state board meeting. School districts may appeal denials
20 and modifications at the December state board meeting if notice is
21 given to the state board by the school district within ten days
22 following the November state board meeting on a form prescribed by
23 the department. Such appeal shall include a public hearing before
24 the state board.

25 (2) The student growth adjustment for each approved
26 district shall equal the sum of the product of the school
27 district's basic funding per formula student multiplied by the

1 difference of the approved student growth minus the greater of
2 twenty-five students or one percent of the fall membership for the
3 school fiscal year immediately preceding the school fiscal year for
4 which aid is being calculated plus the product of fifty percent of
5 the school district's basic funding per formula student multiplied
6 by the greater of twenty-five students or one percent of the fall
7 membership for the school fiscal year immediately preceding the
8 school fiscal year for which aid is being calculated.

9 (3) For school fiscal year 2011-12 and each school
10 fiscal year thereafter, the department shall calculate a student
11 growth adjustment correction for each district that received a
12 student growth adjustment for aid distributed in the most recently
13 available complete data year. Such student growth correction shall
14 equal the product of the difference of the average daily membership
15 for such school fiscal year minus the sum of the formula students
16 and the approved student growth used to calculate the student
17 growth adjustment for such school fiscal year multiplied by the
18 school district's basic funding per formula student used in the
19 final calculation of aid pursuant to section 79-1065 for such
20 school fiscal year, except that the absolute value of a negative
21 correction shall not exceed the original adjustment.

22 Sec. 18. (1) For school fiscal year 2009-10 and each
23 school fiscal year thereafter, school districts may apply to the
24 state board for a two-year new school adjustment, on a form
25 prescribed by the department, on or before October 10 of the
26 school fiscal year immediately preceding the school fiscal year for
27 which the first-year new school adjustment would be included in

1 the calculation of state aid. Such form shall require evidence of
2 recent and expected student growth, evidence that a new building
3 or the expansion or remodeling of an existing building is being
4 completed to provide additional student capacity to accommodate
5 such growth and not to replace an existing building, evidence
6 that the school fiscal year for which the district would receive
7 the first-year adjustment will be the first full school fiscal
8 year for which students will utilize such additional capacity,
9 and evidence of the estimated additional student capacity to be
10 provided by the project. At the immediately following November
11 state board meeting, the state board shall approve the estimated
12 additional capacity for use in the adjustment, approve a modified
13 estimated additional capacity for use in the adjustment, or deny
14 the application based on the requirements of this section, the
15 evidence submitted on the application, and any other information
16 provided by the department. Each approval shall include an approved
17 estimated additional student capacity for the new building. The
18 department shall notify each school district of the action taken by
19 the state board within five days following the November state board
20 meeting. School districts may appeal denials and modifications at
21 the December state board meeting if notice is given to the state
22 board by the school district within ten days following the November
23 state board meeting on a form prescribed by the department. Such
24 appeal shall include a public hearing before the state board.

25 (2) The first-year new school adjustment for each
26 approved district shall equal the school district's basic funding
27 per formula student multiplied by twenty percent of the approved

1 estimated additional student capacity. The second-year new school
2 adjustment for each approved district shall equal the school
3 district's basic funding per formula student multiplied by ten
4 percent of the approved estimated additional student capacity.

5 Sec. 19. (1) For state aid calculated for each of the
6 first two full school fiscal years of a new learning community,
7 each member school district may apply to the state board for a new
8 learning community transportation adjustment, on a form prescribed
9 by the department, on or before October 10 of the school fiscal
10 year immediately preceding the school fiscal year for which the
11 new learning community transportation adjustment would be included
12 in the calculation of state aid. Such form shall require evidence
13 supporting estimates of increased transportation costs for the
14 district due to the provisions of subsection (2) of section 79-611.
15 At the immediately following November state board meeting, the
16 state board shall approve the estimate of increased transportation
17 costs for use in the adjustment, approve a modified estimate of
18 increased transportation costs for use in the adjustment, or deny
19 the application based on the requirements of this section, the
20 evidence submitted on the application, and any other information
21 provided by the department. The department shall notify each school
22 district of the action taken by the state board within five
23 days following the November state board meeting. School districts
24 may appeal denials and modifications at the December state board
25 meeting if notice is given to the state board by the school
26 district within ten days following the November state board meeting
27 on a form prescribed by the department. Such appeal shall include a

1 public hearing before the state board.

2 (2) The new learning community transportation adjustment
3 shall equal the approved estimate of increased transportation
4 costs due to the provisions of subsection (2) of section 79-611.
5 School districts shall submit evidence of the actual increase in
6 transportation costs due to the provisions of subsection (2) of
7 section 79-611, and the department shall recalculate the adjustment
8 using such actual costs pursuant to 79-1065.

9 Sec. 20. For state aid calculated for school fiscal year
10 2009-10 and each school fiscal year thereafter:

11 (1) The department shall calculate an instructional time
12 allowance for each district equal to the product of the formula
13 students of such district multiplied by the instructional time
14 factor for such district multiplied by eighty-five percent of the
15 statewide average general fund operating expenditures per formula
16 student;

17 (2) The instructional time factor shall equal the
18 difference of the ratio of the district's average hours of
19 instruction for each full-time student during the regular school
20 year for the most recently available complete data year divided
21 by the comparison group average hours of instruction for each
22 full-time student during the regular school year for the most
23 recently available complete data year minus one, except that if
24 the result is less than zero, the instructional time factor shall
25 equal zero; and

26 (3) The department shall develop a form for determining
27 the district's average hours of instruction for each full-time

1 student. The comparison group average hours of instruction for each
2 full-time student shall be an average of the averages for the
3 school districts in the comparison group.

4 Sec. 21. Section 79-1007.04, Revised Statutes Supplement,
5 2007, is amended to read:

6 79-1007.04 (1) For school fiscal year years 2008-09
7 through 2012-13, and each school fiscal year thereafter, the
8 department shall determine the elementary class size allowance for
9 each school district.

10 (2) For school fiscal year 2008-09, the The allowance
11 shall equal the statewide average general fund operating
12 expenditures per formula student multiplied by 0.20 then multiplied
13 by the number of students in the school district in kindergarten
14 through grade eight who qualify for free or reduced-price lunches
15 and who spend at least fifty percent of the school day in a
16 classroom with a minimum of ten students and a maximum of twenty
17 students as reported on the fall membership report from the school
18 fiscal year immediately preceding the school fiscal year in which
19 the aid is to be paid. ~~for state aid certified pursuant to section~~
20 ~~79-1022 and as reported on the annual statistical summary report~~
21 ~~from the school fiscal year immediately preceding the school fiscal~~
22 ~~year in which the aid was paid for the final calculation of state~~
23 ~~aid pursuant to section 79-1065.~~

24 (3) For school fiscal years 2009-10 through 2012-13, the
25 allowance shall equal the statewide average general fund operating
26 expenditures per formula student multiplied by twenty percent of
27 the number of students in the school district in kindergarten

1 through grade three who spend at least fifty percent of the school
2 day in one or more classrooms with a minimum of ten students and
3 a maximum of twenty students as reported on the fall membership
4 report from the school fiscal year immediately preceding the
5 school fiscal year in which the aid is to be paid for state aid
6 certified pursuant to section 79-1022 and as reported on the annual
7 statistical summary report from the school fiscal year immediately
8 preceding the school fiscal year in which the aid was paid for the
9 final calculation of state aid pursuant to section 79-1065.

10 Sec. 22. Section 79-1007.06, Revised Statutes Supplement,
11 2007, is amended to read:

12 79-1007.06 (1) For school fiscal year 2008-09 and each
13 school fiscal year thereafter, the department shall determine
14 the poverty allowance for each school district that meets the
15 requirements of this section and has not been disqualified pursuant
16 to section 79-1007.07. Each school district shall designate a
17 maximum poverty allowance on a form prescribed by the department
18 on or before ~~November 1~~ October 10 of the school fiscal year
19 immediately preceding the school fiscal year for which aid is
20 being calculated. The school district may decline to participate
21 in the poverty allowance by providing the department with a
22 maximum poverty allowance of zero dollars on such form on or
23 before ~~November 1~~ October 10 of the school fiscal year immediately
24 preceding the school fiscal year for which aid is being calculated.
25 Each school district designating a maximum poverty allowance
26 greater than zero dollars shall submit a poverty plan pursuant
27 to section 79-1013.

1 (2) The poverty allowance for each school district that
2 has not been disqualified pursuant to section 79-1007.07 shall
3 equal the lesser of:

4 (a) The maximum amount designated pursuant to subsection
5 (1) of this section by the school district in the local system, if
6 such school district designated a maximum amount, for the school
7 fiscal year for which aid is being calculated; or

8 (b) ~~Sixty-one percent of the~~ The sum of:

9 (i) The statewide average general fund operating
10 expenditures per formula student multiplied by ~~0.05~~ 0.0375 then
11 multiplied by the poverty students comprising more than five
12 percent and not more than ten percent of the formula students in
13 the school district; plus

14 (ii) The statewide average general fund operating
15 expenditures per formula student multiplied by ~~0.10~~ 0.0750 then
16 multiplied by the poverty students comprising more than ten percent
17 and not more than fifteen percent of the formula students in the
18 school district; plus

19 (iii) The statewide average general fund operating
20 expenditures per formula student multiplied by ~~0.15~~ 0.1125 then
21 multiplied by the poverty students comprising more than fifteen
22 percent and not more than twenty percent of the formula students in
23 the school district; plus

24 (iv) The statewide average general fund operating
25 expenditures per formula student multiplied by ~~0.20~~ 0.1500 then
26 multiplied by the poverty students comprising more than twenty
27 percent and not more than twenty-five percent of the formula

1 students in the school district; plus

2 (v) The statewide average general fund operating
3 expenditures per formula student multiplied by ~~0.25~~ 0.1875 then
4 multiplied by the poverty students comprising more than twenty-five
5 percent and not more than thirty percent of the formula students in
6 the school district; plus

7 (vi) The statewide average general fund operating
8 expenditures per formula student multiplied by ~~0.30~~ 0.2250 then
9 multiplied by the poverty students comprising more than thirty
10 percent of the formula students in the school district.

11 Sec. 23. Section 79-1007.07, Revised Statutes Supplement,
12 2007, is amended to read:

13 79-1007.07 (1)(a) For school fiscal year 2007-08, the
14 annual financial report required pursuant to section 79-528 shall
15 include:

16 (i) The amount of federal funds received based on poverty
17 as defined by the federal program providing the funds; and

18 (ii) The expenditures and sources of funding for each
19 program related to poverty with a narrative description of the
20 program and the method used to allocate money to the program and
21 within the program.

22 (b) The department shall set up accounting codes for the
23 receipts and expenditures required to be reported on the annual
24 financial report pursuant to this subsection. The department shall
25 also determine for each school district an amount that shall
26 be deemed the poverty allowance for purposes of this section.
27 Such amount shall equal the adjustments to the weighted formula

1 students pursuant to subdivision (1)(c)(iii) of section 79-1007.01
2 multiplied by the average formula cost per student in the school
3 district's cost grouping.

4 (2)(a) For school fiscal year 2008-09 and each school
5 fiscal year thereafter, the annual financial report required
6 pursuant to section 79-528 shall include:

7 (i) The amount of the poverty allowance used in the
8 certification of state aid pursuant to section 79-1022 for such
9 school fiscal year;

10 (ii) The amount of federal funds received based on
11 poverty as defined by the federal program providing the funds;

12 (iii) The expenditures and sources of funding for each
13 program related to poverty with a narrative description of the
14 program, the method used to allocate money to the program and
15 within the program, and the program's relationship to the poverty
16 plan submitted pursuant to section 79-1013 for such school fiscal
17 year; and

18 (iv) The expenditures and sources of funding for support
19 costs directly attributable to implementing the district's poverty
20 plan; and

21 ~~(iv)~~ (v) An explanation of how any required elements of
22 the poverty plan for such school fiscal year were met.

23 (b) The department shall set up accounting codes for the
24 receipts and expenditures required to be reported on the annual
25 financial report pursuant to this subsection.

26 (3) For school fiscal year 2009-10 and each school
27 fiscal year thereafter, the department shall determine the poverty

1 allowance expenditures using the reported expenditures on the
2 annual financial report for the most recently available complete
3 data year that would include in the poverty allowance expenditures
4 only those expenditures that were used to specifically address
5 issues related to the education of students living in poverty or
6 to the implementation of the poverty plan, that do not replace
7 expenditures that would have occurred if the students involved in
8 the program did not live in poverty, that are not included in other
9 allowances, and that are not paid for with federal funds. paid for
10 with noncategorical funds generated by state or local taxes. The
11 department shall establish a procedure to allow school districts to
12 receive preapproval for categories of expenditures that could be
13 included in poverty allowance expenditures.

14 (4) For school fiscal year 2009-10 and each school fiscal
15 year thereafter, if the poverty allowance expenditures do not
16 equal 117.65 percent or more of the poverty allowance for the
17 most recently available complete data year, the department shall
18 calculate a poverty allowance correction. The poverty allowance
19 correction shall equal the poverty allowance minus eighty-five
20 percent of the poverty allowance expenditures. If the poverty
21 allowance expenditures do not equal fifty percent or more of the
22 allowance for such school fiscal year, the school district shall
23 also be disqualified from receiving a poverty allowance for the
24 school fiscal year for which aid is being calculated.

25 (5) For school fiscal year 2010-11 and each school fiscal
26 year thereafter, if the department determines that the school
27 district did not meet the required elements of the poverty plan

1 for the most recently available complete data year, the department
2 shall calculate a poverty allowance correction equal to fifty
3 percent of the poverty allowance for such school fiscal year and
4 the school district shall also be disqualified from receiving a
5 poverty allowance for the school fiscal year for which aid is being
6 calculated. Any poverty allowance correction calculated pursuant to
7 this subsection shall be added to any poverty allowance correction
8 calculated pursuant to subsection (4) of this section to arrive at
9 the total poverty allowance correction.

10 (6) The department may request additional information
11 from any school district to assist with calculations and
12 determinations pursuant to this section. If the school district
13 does not provide information upon the request of the department
14 pursuant to this section, the school district shall be disqualified
15 from receiving a poverty allowance for the school fiscal year for
16 which aid is being calculated.

17 (7) The department shall annually provide the Legislature
18 with a report containing a general description of the expenditures
19 and funding sources for programs related to poverty statewide and
20 specific descriptions of the expenditures and funding sources for
21 programs related to poverty for each school district.

22 (8) The state board shall establish a procedure for
23 appeal of decisions of the department to the state board for a
24 final determination.

25 Sec. 24. Section 79-1007.08, Revised Statutes Supplement,
26 2007, is amended to read:

27 79-1007.08 (1) For school fiscal year 2008-09 and each

1 school fiscal year thereafter, the department shall determine the
2 limited English proficiency allowance for each school district
3 that meets the requirements of this section and has not been
4 disqualified pursuant to section 79-1007.09. Each school district
5 shall designate a maximum limited English proficiency allowance
6 on or before ~~November 1~~ October 10 of the school fiscal year
7 immediately preceding the school fiscal year for which aid is
8 being calculated. The school district may decline to participate
9 in the limited English proficiency allowance by providing the
10 department with a maximum limited English proficiency allowance of
11 zero dollars on such form on or before ~~November 1~~ October 10 of
12 the school fiscal year immediately preceding the school fiscal year
13 for which aid is being calculated. Each school district designating
14 a maximum limited English proficiency allowance greater than zero
15 dollars shall submit a limited English proficiency plan pursuant to
16 section 79-1014.

17 (2) The limited English proficiency allowance for each
18 school district that has not been disqualified pursuant to section
19 79-1007.09 shall equal the lesser of:

20 (a) The amount designated pursuant to subsection (1)
21 of this section by the school district, if such school district
22 designated a maximum amount, for the school fiscal year for which
23 aid is being calculated; or

24 (b) The statewide average general fund operating
25 expenditures per formula student multiplied by 0.25 then multiplied
26 by:

27 (i) The number of students in the school district who are

1 limited English proficient as defined under 20 U.S.C. 7801, as such
2 section existed on January 1, 2006, if such number is greater than
3 or equal to twelve;

4 (ii) Twelve, if the number of students in the school
5 district who are limited English proficient as defined under 20
6 U.S.C. 7801, as such section existed on January 1, 2006, is greater
7 than or equal to one and less than twelve; or

8 (iii) Zero, if the number of students in the school
9 district who are limited English proficient as defined under 20
10 U.S.C. 7801, as such section existed on January 1, 2006, is less
11 than one.

12 Sec. 25. Section 79-1007.09, Revised Statutes Supplement,
13 2007, is amended to read:

14 79-1007.09 (1)(a) For school fiscal year 2007-08, the
15 annual financial report required pursuant to section 79-528 shall
16 include:

17 (i) The amount of federal funds received based on
18 students who are limited English proficient as defined by the
19 federal program providing the funds; and

20 (ii) The expenditures and sources of funding for each
21 program related to limited English proficiency with a narrative
22 description of the program and the method used to allocate money to
23 the program and within the program.

24 (b) The department shall set up accounting codes for the
25 receipts and expenditures required to be reported on the annual
26 financial report pursuant to this subsection. The department shall
27 also determine for each school district an amount that shall

1 be deemed the limited English proficiency allowance for purposes
2 of this section. Such amount shall equal the adjustments to the
3 weighted formula students pursuant to subdivision (1)(c)(ii) of
4 section 79-1007.01 multiplied by the average formula cost per
5 student in the school district's cost grouping.

6 (2)(a) For school fiscal year 2008-09 and each school
7 fiscal year thereafter, the annual financial report required
8 pursuant to section 79-528 shall include:

9 (i) The amount of the limited English proficiency
10 allowance used in the certification of state aid pursuant to
11 section 79-1022 for such school fiscal year;

12 (ii) The amount of federal funds received based on
13 students who are limited English proficient as defined by the
14 federal program providing the funds;

15 (iii) The expenditures and sources of funding for each
16 program related to limited English proficiency with a narrative
17 description of the program, the method used to allocate money to
18 the program and within the program, and the program's relationship
19 to the limited English proficiency plan submitted pursuant to
20 section 79-1014 for such school fiscal year; and

21 (iv) The expenditures and sources of funding for support
22 costs directly attributable to implementing the district's limited
23 English proficiency plan; and

24 ~~(iv)~~ (v) An explanation of how any required elements of
25 the limited English proficiency plan for such school fiscal year
26 were met.

27 (b) The department shall set up accounting codes for the

1 receipts and expenditures required to be reported on the annual
2 financial report pursuant to this subsection.

3 (3) For school fiscal year 2009-10 and each school fiscal
4 year thereafter, the department shall determine the limited English
5 proficiency allowance expenditures using the reported expenditures
6 on the annual financial report for the most recently available
7 complete data year that would only include in the limited English
8 proficiency allowance expenditures those expenditures that were
9 used to specifically address issues related to the education of
10 students with limited English proficiency or to the implementation
11 of the limited English proficiency plan, that do not replace
12 expenditures that would have occurred if the students involved in
13 the program did not have limited English proficiency, that are
14 not included in other allowances, and that are ~~not paid for with~~
15 ~~federal funds~~. paid for with noncategorical funds generated by
16 state or local taxes. The department shall establish a procedure
17 to allow school districts to receive preapproval for categories of
18 expenditures that could be included in limited English proficiency
19 allowance expenditures.

20 (4) For school fiscal year 2009-10 and each school fiscal
21 year thereafter, if the limited English proficiency allowance
22 expenditures do not equal 117.65 percent or more of the limited
23 English proficiency allowance for the most recently available
24 complete data year, the department shall calculate a limited
25 English proficiency allowance correction. The limited English
26 proficiency allowance correction shall equal the limited English
27 proficiency allowance minus eighty-five percent of the limited

1 English proficiency allowance expenditures. If the limited English
2 proficiency allowance expenditures do not equal fifty percent or
3 more of the allowance for such school fiscal year, the school
4 district shall also be disqualified from receiving a limited
5 English proficiency allowance for the school fiscal year for which
6 aid is being calculated.

7 (5) For school fiscal year 2010-11 and each school fiscal
8 year thereafter, if the department determines that the school
9 district did not meet the required elements of the limited English
10 proficiency plan for the most recently available complete data
11 year, the department shall calculate a limited English proficiency
12 allowance correction equal to fifty percent of the limited English
13 proficiency allowance for such school fiscal year and the school
14 district shall also be disqualified from receiving a limited
15 English proficiency allowance for the school fiscal year for which
16 aid is being calculated. Any limited English proficiency allowance
17 correction calculated pursuant to this subsection shall be added
18 to any limited English proficiency allowance correction calculated
19 pursuant to subsection (4) of this section to arrive at the total
20 limited English proficiency allowance correction.

21 (6) The department may request additional information
22 from any school district to assist with calculations and
23 determinations pursuant to this section. If the school district
24 does not provide information upon the request of the department
25 pursuant to this section, the school district shall be disqualified
26 from receiving a limited English proficiency allowance for the
27 school fiscal year for which aid is being calculated.

1 (7) The department shall annually provide the Legislature
2 with a report containing a general description of the expenditures
3 and funding sources for programs related to limited English
4 proficiency statewide and specific descriptions of the expenditures
5 and funding sources for programs related to limited English
6 proficiency for each school district.

7 (8) The state board shall establish a procedure for
8 appeal of decisions of the department to the state board for a
9 final determination.

10 Sec. 26. Section 79-1007.10, Revised Statutes Supplement,
11 2007, is amended to read:

12 79-1007.10 For state aid calculated for school fiscal
13 year 2008-09 and each school fiscal year thereafter, the cost
14 growth factor for each cost grouping is equal to the sum of: (1)
15 One; plus (2) the product of two times the ratio of the difference
16 of (a) the formula students attributable to the cost grouping
17 without weighting or adjustment pursuant to section 79-1007.03
18 minus the qualified early childhood education fall membership
19 attributable to the cost grouping without such weighting or
20 adjustment for state aid certified pursuant to section 79-1022
21 minus (b) the difference of the sum of the average daily membership
22 plus tuitioned students attributable to the cost grouping for the
23 most recently available complete data year minus the qualified
24 early childhood education average daily membership attributable to
25 the cost grouping without such weighting or adjustment for the most
26 recently available complete data year divided by the difference of
27 the sum of the average daily membership plus tuitioned students

1 attributable to the cost grouping for the most recently available
2 complete data year minus the qualified early childhood education
3 average daily membership attributable to the cost grouping without
4 such weighting or adjustment for the most recently available
5 complete data year, except that the ratio shall not be less than
6 zero; plus (3) the basic allowable growth rate pursuant to section
7 79-1025 for the school fiscal year in which the aid is to be
8 distributed; plus (4) the basic allowable growth rate pursuant to
9 section 79-1025 for the school fiscal year immediately preceding
10 the school fiscal year in which the aid is to be distributed;
11 plus (5) any additional growth rate allowed by special action of
12 school boards for the school fiscal year in which the aid is to
13 be distributed as determined for the school fiscal year immediately
14 preceding the school fiscal year when aid is to be distributed;
15 plus (6) any additional growth rate allowed by special action of
16 the school boards for the school fiscal year immediately preceding
17 the school fiscal year when the aid is to be distributed.

18 For state aid calculated for school fiscal year 2008-09
19 and each school fiscal year thereafter, the cost growth factor
20 shall equal the sum of: (1) One; plus (2) the basic allowable
21 growth rate pursuant to section 79-1025 for the school fiscal year
22 in which the aid is to be distributed; plus (3) the basic allowable
23 growth rate pursuant to section 79-1025 for the school fiscal year
24 immediately preceding the school fiscal year in which the aid is to
25 be distributed; plus (4) one percent.

26 Sec. 27. Section 79-1008.01, Revised Statutes Cumulative
27 Supplement, 2006, is amended to read:

1 79-1008.01 ~~(1)~~ Except as provided in ~~subsection (2)~~ of
2 ~~this section~~ and sections 79-1008.02 to 79-1010, each local system
3 shall receive equalization aid in the amount that the total formula
4 need of each local system, as determined pursuant to sections
5 79-1007.01 to 79-1007.10 and sections 8 to 20 of this act, exceeds
6 its total formula resources as determined pursuant to sections
7 79-1015.01 to 79-1018.01.

8 ~~(2)~~ Except as provided in section 79-1008.02~~,~~ a local
9 system shall not receive state aid for any school fiscal year~~,~~
10 except school fiscal years 2002-03 through 2007-08~~,~~ which is less
11 than an amount equal to the difference of eighty-five percent of
12 the amount of aid certified in the preceding school fiscal year
13 minus an amount equal to any increase in the adjusted valuation
14 between the adjusted valuation used for the certification of aid in
15 the preceding school fiscal year and the adjusted valuation used
16 for the aid being calculated multiplied by the maximum levy~~,~~ for
17 the school fiscal year for which aid is being certified~~,~~ pursuant
18 to subdivision ~~(2)(a)~~ or ~~(b)~~ of section 77-3442 without a vote
19 pursuant to section 77-3444.

20 ~~(3)~~ Except as provided in section 79-1008.02~~,~~ a local
21 system shall not receive state aid for school fiscal years
22 2002-03 through 2007-08 which is less than an amount equal to
23 the difference of eighty-three and three-fourths percent of the
24 amount of aid certified in the preceding school fiscal year minus
25 an amount equal to any increase in the adjusted valuation between
26 the adjusted valuation used for the certification of aid in the
27 preceding school fiscal year and the adjusted valuation used for

1 the aid being calculated multiplied by the maximum levy₇ for the
2 school fiscal year for which aid is being certified₇ pursuant to
3 subdivision (2)(a) of section 77-3442 without a vote pursuant to
4 section 77-3444.

5 (4) Except as provided in subsection (2) or (3) of this
6 section₇ no local system may receive equalization aid such that₇
7 when total aid is added to a levy ten cents less than the maximum
8 levy₇ for the school fiscal year for which aid is being certified₇
9 pursuant to subdivision (2)(a) or (b) of section 77-3442 without a
10 vote pursuant to section 77-3444₇ multiplied by the local system's
11 adjusted valuation₇ would result in total local system revenue from
12 state aid plus property tax receipts which exceeds the total of:

13 (a) The sum of state aid₇ receipts from other school
14 districts related to annexation₇ and property tax receipts received
15 by the local system during the preceding school fiscal year
16 multiplied by the total of (i) 1.01 plus (ii) the applicable
17 allowable growth rate for the local system calculated pursuant
18 to section 79-1026 as determined for the school fiscal year
19 immediately preceding the school fiscal year when aid is to be
20 distributed plus (iii) the percentage growth in formula students
21 from the certification of state aid for the immediately preceding
22 school fiscal year to the formula students for the certification
23 of state aid for the current school fiscal year₇ except that the
24 percentage growth shall not be less than zero;

25 (b) Unused budget authority authorized pursuant to
26 section 79-1030 for all school districts in the local system;

27 (c) The difference between the other actual receipts

1 included in local system formula resources for the certification
2 of state aid in the preceding school fiscal year and other
3 actual receipts included in local system formula resources for the
4 certification of state aid for the current school fiscal year,
5 except that such difference shall not be less than zero, and

6 (d) The absolute value of any negative prior year
7 adjustment pursuant to section 79-1065.

8 For local systems that have reorganized, state aid,
9 property tax receipts, and number of formula students shall
10 be attributed based on valuation. The formation of a learning
11 community shall be considered a reorganization for purposes of
12 this subsection. The revenue from property tax receipts shall be
13 calculated by multiplying the reported general fund common levy by
14 the assessed valuation subject to the levy divided by one hundred.

15 (5) For all school fiscal years except school fiscal
16 years 2002-03 through 2007-08, the aid that is not distributed
17 through equalization based on subsection (4) of this section
18 shall be distributed through this subsection to the extent local
19 systems qualify for such distributions. Local systems qualify
20 for distribution under this subsection if they have nine hundred
21 or less formula students and adjusted general fund operating
22 expenditures per formula student less than the average for all
23 local systems with nine hundred or less formula students. The aid
24 shall be distributed proportionally to qualifying districts based
25 on the dollar amount each local system's calculated state aid plus
26 the product of a levy of one dollar multiplied by the assessed
27 valuation divided by one hundred is below ninety percent of state

1 aid plus property tax receipts received by the local system during
2 the preceding school fiscal year. No system shall receive aid
3 pursuant to this subsection such that the calculated state aid plus
4 the product of a levy of one dollar multiplied by the assessed
5 valuation divided by one hundred is ninety percent or more of state
6 aid plus property tax receipts received by the local system during
7 the preceding school fiscal year.

8 (6) For school fiscal years 2002-03 through 2007-08,
9 the aid that is not distributed through equalization based on
10 subsection (3) of this section shall be distributed through
11 this subsection to the extent local systems qualify for such
12 distributions. Local systems qualify for distribution under this
13 subsection if they have nine hundred or less formula students and
14 adjusted general fund operating expenditures per formula student
15 less than the average for all local systems with nine hundred or
16 less formula students. The aid shall be distributed proportionally
17 to qualifying districts based on the dollar amount each local
18 system's calculated state aid plus the product of a levy equal to
19 the maximum levy, for the school fiscal year for which aid is being
20 certified, pursuant to subdivision (2)(a) or (b) of section 77-3442
21 without a vote pursuant to section 77-3444, multiplied by the
22 assessed valuation is below eighty-eight and three-fourths percent
23 of state aid plus property tax receipts received by the local
24 system during the preceding school fiscal year. No system shall
25 receive aid pursuant to this subsection such that the calculated
26 state aid plus the product of a levy equal to the maximum levy, for
27 the school fiscal year for which aid is being certified, pursuant

1 to subdivision (2)(a) or (b) of section 77-3442 without a vote
2 pursuant to section 77-3444, multiplied by the assessed valuation
3 is eighty-eight and three-fourths percent or more of state aid
4 plus property tax receipts received by the local system during the
5 preceding school fiscal year.

6 Sec. 28. Section 79-1008.02, Revised Statutes Supplement,
7 2007, is amended to read:

8 79-1008.02 A minimum levy adjustment shall be calculated
9 and applied to any local system that has a general fund common
10 levy for the fiscal year during which aid is certified that
11 is less than the maximum levy, for such fiscal year for such
12 local system, allowed pursuant to subdivision (2)(a) or (b) of
13 section 77-3442 without a vote pursuant to section 77-3444 less
14 ~~two~~ five cents for learning communities and less ten cents for all
15 other local systems. To calculate the minimum levy adjustment, the
16 department shall subtract the local system general fund common levy
17 for such fiscal year for such local system from the maximum levy
18 allowed pursuant to subdivision (2)(a) or (b) of section 77-3442
19 without a vote pursuant to section 77-3444 less ~~two~~ five cents for
20 learning communities and less ten cents for all other local systems
21 and multiply the result by the local system's adjusted valuation
22 divided by one hundred. The minimum levy adjustment shall be added
23 to the formula resources of the local system for the determination
24 of equalization aid pursuant to section 79-1008.01. If the minimum
25 levy adjustment is greater than or equal to the allocated income
26 tax funds calculated pursuant to section 79-1005.01 or 79-1005.02,
27 the local system shall not receive allocated income tax funds. If

1 the minimum levy adjustment is less than the allocated income tax
2 funds calculated pursuant to section 79-1005.01 or 79-1005.02, the
3 local system shall receive allocated income tax funds in the amount
4 of the difference between the allocated income tax funds calculated
5 pursuant to section 79-1005.01 or 79-1005.02 and the minimum levy
6 adjustment. This section does not apply to the calculation of aid
7 for a local system containing a learning community for the first
8 school fiscal year for which aid is calculated for such local
9 system.

10 Sec. 29. Section 79-1009, Revised Statutes Cumulative
11 Supplement, 2006, is amended to read:

12 79-1009 (1) A district shall receive net option funding
13 if option students as defined in section 79-233 ~~(a)~~ were actually
14 enrolled in the school year immediately preceding the school year
15 in which the aid is to be paid, ~~or (b) will be enrolled in the~~
16 ~~school year in which the aid is to be paid as converted contract~~
17 ~~option students. The determination of the net number of option~~
18 students shall be based on the number of students enrolled in the
19 district as option students and the number of students residing in
20 the district but enrolled in another district as option students as
21 of the day of the fall membership count pursuant to section 79-528,
22 for the school fiscal year immediately preceding the school fiscal
23 year in which aid is to be paid. Net number of option students
24 means the difference of the number of option students enrolled in
25 the district minus the number of students residing in the district
26 but enrolled in another district as option students.

27 (2) For purposes of this section: (a) For all school

1 ~~fiscal years except school fiscal years 2002-03 through 2007-08,~~
2 ~~net option funding means the sum of the products of the net~~
3 ~~number of option students in each grade range multiplied by the~~
4 ~~statewide average cost grouping cost per student multiplied by~~
5 ~~the weighting factor for the corresponding grade range pursuant to~~
6 ~~section 79-1007.01; and (b) for school fiscal years 2002-03 through~~
7 ~~2007-08, net option funding shall be calculated by subtracting the~~
8 ~~temporary aid adjustment factor from the sum of the products of the~~
9 ~~net number of option students in each grade range multiplied by~~
10 ~~the statewide average cost grouping cost per student multiplied by~~
11 ~~the weighting factor for the corresponding grade range pursuant to~~
12 ~~section 79-1007.01; and (b) for school fiscal year 2008-09 and each~~
13 school fiscal year thereafter, net option funding shall be the sum
14 of the product of the net number of option students multiplied by
15 the statewide average basic funding per formula student.

16 (3) A district's net option funding shall be zero if
17 the calculation produces a negative result. ~~except that a local~~
18 ~~system's net option funding shall not be less than zero. Net number~~
19 ~~of option students means the number of option students actually~~
20 ~~enrolled in a grade range in the current data year minus the~~
21 ~~number of students residing in the district but enrolled in another~~
22 ~~district in the same grade range in the current data year as~~
23 ~~option students as defined in section 79-233. A district's net~~
24 ~~option funding shall be zero if the calculation produces a negative~~
25 ~~result.~~ (3) The determination of the net number of option students
26 shall be based on (a) the number of option students enrolled in
27 the district or enrolled in another district as of the day of the

1 ~~fall membership count pursuant to section 79-528, for the school~~
2 ~~fiscal year immediately preceding the school fiscal year in which~~
3 ~~the aid is to be paid and (b) the number of option students that~~
4 ~~will be enrolled in the district or enrolled in another district~~
5 ~~as converted contract option students for the school fiscal year in~~
6 ~~which the aid is to be paid.~~ Payments made under this section shall
7 be made from the funds to be disbursed under section 79-1005.01 or
8 79-1005.02. ~~(4) Payments made pursuant to this section~~ Such payments
9 shall go directly to the option school district but shall count as
10 a formula resource for the local system.

11 Sec. 30. Section 79-1013, Revised Statutes Supplement,
12 2007, is amended to read:

13 79-1013 (1) On or before ~~November 1~~ October 10 of each
14 year, each school district designating a maximum poverty allowance
15 greater than zero dollars shall submit a poverty plan for the next
16 school fiscal year to the department and to the learning community
17 coordinating council of any learning community of which the school
18 district is a member. On or before the immediately following
19 December 1, (a) the department shall approve or disapprove such
20 plan for school districts that are not members of a learning
21 community based on the inclusion of the elements required pursuant
22 to this section. ~~On or before the immediately following December~~
23 ~~1,~~ and (b) the learning community coordinating council and, as
24 to the applicable portions thereof, each achievement subcouncil,
25 shall approve or disapprove such plan for school districts that
26 are members of such learning community based on the inclusion of
27 such elements. On or before the immediately following December 5,

1 each learning community coordinating council shall certify to the
2 department the approval or disapproval of the poverty plan for each
3 member school district.

4 (2) In order to be approved pursuant to this section,
5 a poverty plan shall include an explanation of how the school
6 district will address the following issues for such school fiscal
7 year:

8 (a) Attendance, including absence followup and
9 transportation for students qualifying for free or reduced-price
10 lunches who reside more than ~~one-half~~ one mile from the attendance
11 center;

12 (b) Student mobility, including transportation to allow a
13 student to continue attendance at the same school if the student
14 moves to another attendance area within the same school district or
15 within the same learning community;

16 (c) Parental involvement at the school-building level
17 with a focus on the involvement of parents in poverty and from
18 other diverse backgrounds;

19 (d) Parental involvement at the school-district level
20 with a focus on the involvement of parents in poverty and from
21 other diverse backgrounds;

22 (e) Class size reduction or maintenance of small class
23 sizes ~~for students who qualify for free or reduced-price lunches;~~
24 in elementary grades;

25 (f) Scheduled teaching time on a weekly basis that will
26 be free from interruptions;

27 (g) Access to early childhood education programs for

1 children in poverty;

2 (h) Student access to social workers;

3 (i) Access to summer school, extended-school-day
4 programs, or extended-school-year programs;

5 (j) Mentoring for new and newly reassigned teachers;

6 (k) Professional development for teachers and
7 administrators, focused on addressing the educational needs
8 of students in poverty and students from other diverse backgrounds;

9 (l) Coordination with elementary learning centers if the
10 school district is a member of a learning community; and

11 (m) An evaluation to determine the effectiveness of the
12 elements of the poverty plan.

13 (3) The state board shall establish a procedure for
14 appeal of decisions of the department and of learning community
15 coordinating councils to the state board for a final determination.

16 Sec. 31. Section 79-1014, Revised Statutes Supplement,
17 2007, is amended to read:

18 79-1014 (1) On or before ~~November 1~~ October 10 of each
19 year, each school district designating a maximum limited English
20 proficiency allowance greater than zero dollars shall submit a
21 limited English proficiency plan for the next school fiscal year to
22 the department and to the learning community coordinating council
23 of any learning community of which the school district is a
24 member. On or before the immediately following December 1, (a)
25 the department shall approve or disapprove such plans for school
26 districts that are not members of a learning community, based on
27 the inclusion of the elements required pursuant to this section-

1 ~~On or before the immediately following December 17~~ and (b) the
2 learning community coordinating council, and, as to the applicable
3 portions thereof, each achievement subcouncil, shall approve or
4 disapprove such plan for school districts that are members of
5 such learning community, based on the inclusion of such elements.

6 On or before the immediately following December 5, each learning
7 community coordinating council shall certify to the department the
8 approval or disapproval of the limited English proficiency plan for
9 each member school district.

10 (2) In order to be approved pursuant to this section,
11 a limited English proficiency plan must include an explanation of
12 how the school district will address the following issues for such
13 school fiscal year:

14 (a) Identification of students with limited English
15 proficiency;

16 (b) Instructional approaches;

17 (c) Assessment of such students' progress toward
18 mastering the English language; and

19 (d) An evaluation to determine the effectiveness of the
20 elements of the limited English proficiency plan.

21 (3) The state board shall establish a procedure for
22 appeal of decisions of the department to the state board for a
23 final determination.

24 Sec. 32. Section 79-1015.01, Revised Statutes Supplement,
25 2007, is amended to read:

26 79-1015.01 (1) Local system formula resources shall
27 include local effort rate yield which shall be computed as

1 prescribed in this section.

2 (2) For school fiscal years prior to school fiscal year
3 2008-09: (a) For state aid certified pursuant to section 79-1022,
4 the local effort rate shall be the maximum levy, for the school
5 fiscal year for which aid is being certified, authorized pursuant
6 to subdivision (2)(a) ~~or (e)~~ of section 77-3442 less ten cents;
7 (b) for ~~the~~ the final calculation of state aid pursuant to
8 section 79-1065, the local effort rate shall be the rate which,
9 when multiplied by the total adjusted valuation of all taxable
10 property in local systems receiving equalization aid pursuant to
11 the Tax Equity and Educational Opportunities Support Act, will
12 produce the amount needed to support the total formula need of
13 such local systems when added to state aid appropriated by the
14 Legislature and other actual receipts of local systems described in
15 section 79-1018.01; and (c) the ~~the~~ local effort rate yield shall
16 be determined by multiplying each local system's total adjusted
17 valuation by the local effort rate.

18 (3) For school fiscal year 2008-09 and each school fiscal
19 year thereafter: (a) For state aid certified pursuant to section
20 79-1022, the local effort rate shall be the maximum levy, for the
21 school fiscal year for which aid is being certified, authorized
22 pursuant to subdivision (2)(a) of section 77-3442 less five cents;
23 (b) for the final calculation of state aid pursuant to section
24 79-1065, the local effort rate shall be the rate which, when
25 multiplied by the total adjusted valuation of all taxable property
26 in local systems receiving equalization aid pursuant to the Tax
27 Equity and Educational Opportunities Support Act, will produce the

1 amount needed to support the total formula need of such local
2 systems when added to state aid appropriated by the Legislature
3 and other actual receipts of local systems described in section
4 79-1018.01; and (c) the local effort rate yield for such school
5 fiscal years shall be determined by multiplying each local system's
6 total adjusted valuation by the local effort rate.

7 Sec. 33. Section 79-1016, Revised Statutes Supplement,
8 2007, is amended to read:

9 79-1016 (1) On or before August 25, the county assessor
10 shall certify to the Property Tax Administrator the total taxable
11 value by school district in the county for the current assessment
12 year on forms prescribed by the Tax Commissioner. The county
13 assessor may amend the filing for changes made to the taxable
14 valuation of the school district in the county if corrections or
15 errors on the original certification are discovered. Amendments
16 shall be certified to the Property Tax Administrator on or before
17 September 30.

18 (2) On or before October 10, the Property Tax
19 Administrator shall compute and certify to the State Department of
20 Education the adjusted valuation for the current assessment year
21 for each class of property in each school district and each local
22 system. The adjusted valuation of property for each school district
23 and each local system, for purposes of determining state aid
24 pursuant to the Tax Equity and Educational Opportunities Support
25 Act, shall reflect as nearly as possible state aid value as defined
26 in subsection (3) of this section. The Property Tax Administrator
27 shall notify each school district and each local system of its

1 adjusted valuation for the current assessment year by class of
2 property on or before October 10. Establishment of the adjusted
3 valuation shall be based on the taxable value certified by the
4 county assessor for each school district in the county adjusted by
5 the determination of the level of value for each school district
6 from an analysis of the comprehensive assessment ratio study or
7 other studies developed by the Property Tax Administrator, in
8 compliance with professionally accepted mass appraisal techniques,
9 as required by section 77-1327. The Tax Commissioner shall adopt
10 and promulgate rules and regulations setting forth standards for
11 the determination of level of value for ~~school~~ state aid purposes.

12 (3) For purposes of this section, state aid value means:

13 (a) For real property other than agricultural and
14 horticultural land, ~~one hundred~~ ninety-six percent of actual value;

15 (b) For agricultural and horticultural land, ~~seventy-five~~
16 seventy-two percent of actual value as provided in sections 77-1359
17 to 77-1363. For agricultural and horticultural land that receives
18 special valuation pursuant to section 77-1344, ~~seventy-five~~
19 seventy-two percent of special valuation as defined in section
20 77-1343; and

21 (c) For personal property, the net book value as defined
22 in section 77-120.

23 (4) On or before November 10, any local system may
24 file with the Tax Commissioner written objections to the adjusted
25 valuations prepared by the Property Tax Administrator, stating
26 the reasons why such adjusted valuations are not the valuations
27 required by subsection (3) of this section. The Tax Commissioner

1 shall fix a time for a hearing. Either party shall be permitted to
2 introduce any evidence in reference thereto. On or before January
3 1, the Tax Commissioner shall enter a written order modifying or
4 declining to modify, in whole or in part, the adjusted valuations
5 and shall certify the order to the State Department of Education.
6 Modification by the Tax Commissioner shall be based upon the
7 evidence introduced at hearing and shall not be limited to the
8 modification requested in the written objections or at hearing.
9 A copy of the written order shall be mailed to the local system
10 within seven days after the date of the order. The written order of
11 the Tax Commissioner may be appealed within thirty days after the
12 date of the order to the Tax Equalization and Review Commission in
13 accordance with section 77-5013.

14 (5) On or before November 10, any local system or county
15 official may file with the Tax Commissioner a written request
16 for a nonappealable correction of the adjusted valuation due to
17 clerical error as defined in section 77-128 or, for agricultural
18 and horticultural land, assessed value changes by reason of land
19 qualified or disqualified for special use valuation pursuant to
20 sections 77-1343 to 77-1348. On or before the following January
21 1, the Tax Commissioner shall approve or deny the request and, if
22 approved, certify the corrected adjusted valuations resulting from
23 such action to the State Department of Education.

24 (6) On or before May 31 of the year following the
25 certification of adjusted valuation pursuant to subsection (2) of
26 this section, any local system or county official may file with the
27 Tax Commissioner a written request for a nonappealable correction

1 of the adjusted valuation due to changes to the tax list that
2 change the assessed value of taxable property. Upon the filing of
3 the written request, the Tax Commissioner shall require the county
4 assessor to recertify the taxable valuation by school district
5 in the county on forms prescribed by the Tax Commissioner. The
6 recertified valuation shall be the valuation that was certified on
7 the tax list, pursuant to section 77-1613, increased or decreased
8 by changes to the tax list that change the assessed value of
9 taxable property in the school district in the county in the
10 prior assessment year. On or before the following July 31, the Tax
11 Commissioner shall approve or deny the request and, if approved,
12 certify the corrected adjusted valuations resulting from such
13 action to the State Department of Education.

14 (7) No injunction shall be granted restraining the
15 distribution of state aid based upon the adjusted valuations
16 pursuant to this section.

17 (8) A school district whose state aid is to be calculated
18 pursuant to subsection (5) of this section and whose state aid
19 payment is postponed as a result of failure to calculate state
20 aid pursuant to such subsection may apply to the state board for
21 lump-sum payment of such postponed state aid. Such application may
22 be for any amount up to one hundred percent of the postponed state
23 aid. The state board may grant the entire amount applied for or any
24 portion of such amount. The state board shall notify the Director
25 of Administrative Services of the amount of funds to be paid in
26 a lump sum and the reduced amount of the monthly payments. The
27 Director of Administrative Services shall, at the time of the next

1 state aid payment made pursuant to section 79-1022, draw a warrant
2 for the lump-sum amount from appropriated funds and forward such
3 warrant to the district.

4 Sec. 34. Section 79-1018.01, Revised Statutes Supplement,
5 2007, is amended to read:

6 79-1018.01 ~~Local~~ Except as otherwise provided in this
7 section, local system formula resources include other actual
8 receipts available for the funding of general fund operating
9 expenditures as determined by the department for the second school
10 fiscal year immediately preceding the school fiscal year in which
11 aid is to be paid. Receipts ~~except that receipts~~ from the
12 Community Improvements Cash Fund, and receipts acquired pursuant to
13 the Low-Level Radioactive Waste Disposal Act, ~~and~~ beginning with
14 the calculation of state aid to be distributed in school fiscal
15 year 2004-05, ~~tuition receipts from converted contracts~~ shall not
16 be included. Other actual receipts include:

- 17 (1) Public power district sales tax revenue;
- 18 (2) Fines and license fees;
- 19 (3) Tuition receipts from individuals, other districts,
20 or any other source except receipts derived from adult education,
21 receipts derived from summer school tuition, receipts derived
22 from early childhood education tuition, ~~tuition receipts from~~
23 ~~converted contracts~~, and receipts from educational entities as
24 defined in section 79-1201.01 for providing distance education
25 courses through the Distance Education Council until July 1, 2008,
26 and the Educational Service Unit Coordinating Council on and after
27 July 1, 2008, to such educational entities;

- 1 (4) Transportation receipts;
- 2 (5) Interest on investments;
- 3 (6) Other miscellaneous noncategorical local receipts,
4 not including receipts from private foundations, individuals,
5 associations, or charitable organizations;
- 6 (7) Special education receipts; ~~IT excluding grant funds~~
7 ~~received pursuant to section 9-812;~~
- 8 (8) Special education receipts and non-special education
9 receipts from the state for wards of the court and wards of the
10 state;
- 11 (9) All receipts from the temporary school fund.
12 Beginning with the calculation of aid for school fiscal year
13 2002-03 and each school fiscal year thereafter, receipts from
14 the temporary school fund shall only include receipts pursuant
15 to section 79-1035 and the receipt of funds pursuant to section
16 79-1036 for property leased for a public purpose as set forth in
17 subdivision (1)(a) of section 77-202;
- 18 (10) Motor vehicle tax receipts received on or after
19 January 1, 1998;
- 20 (11) Pro rata motor vehicle license fee receipts;
- 21 (12) Other miscellaneous state receipts excluding revenue
22 from the textbook loan program authorized by section 79-734;
- 23 (13) Impact aid entitlements for the school fiscal year
24 which have actually been received by the district to the extent
25 allowed by federal law;
- 26 (14) All other noncategorical federal receipts;
- 27 (15) All receipts pursuant to the enrollment option

1 program under sections 79-232 to 79-246;

2 (16) Receipts under the federal Medicare Catastrophic
3 Coverage Act of 1988, as such act existed on May 8, 2001, as
4 authorized pursuant to sections 43-2510 and 43-2511 but only to the
5 extent of the amount the local system would have otherwise received
6 pursuant to the Special Education Act; and

7 (17) Receipts for accelerated or differentiated
8 curriculum programs pursuant to sections 79-1106 to 79-1108.03.

9 Sec. 35. Section 79-1022, Revised Statutes Supplement,
10 2007, is amended to read:

11 79-1022 (1) On or before February 1 of each year, the
12 department shall determine the amounts to be distributed to each
13 local system and each district pursuant to the Tax Equity and
14 Educational Opportunities Support Act and shall certify the amounts
15 to the Director of Administrative Services, the Auditor of Public
16 Accounts, each learning community, and each district. The amount to
17 be distributed to each district that is not a member of a learning
18 community from the amount certified for a local system shall be
19 proportional based on: (a) For school fiscal years prior to school
20 fiscal year 2008-09, the weighted formula students attributed to
21 each district in the local system; and (b) for school fiscal
22 year 2008-09 and each school fiscal year thereafter, the formula
23 students attributed to each district in the local system. For the
24 first five complete school fiscal years for a learning community,
25 the amount to be distributed to each district that is a member
26 of such learning community shall be determined pursuant to section
27 79-1015. For each school fiscal year thereafter, the amount to

1 be distributed to each district that is a member of a learning
2 community from the amount certified for the local system shall
3 be proportional based on the formula needs calculated for each
4 district in the local system. On or before February 1 of each
5 year, the department shall report the necessary funding level to
6 the Governor, the Appropriations Committee of the Legislature,
7 and the Education Committee of the Legislature. Certified state
8 aid amounts, including adjustments pursuant to section 79-1065.02,
9 shall be shown as budgeted non-property-tax receipts and deducted
10 prior to calculating the property tax request in the district's
11 general fund budget statement as provided to the Auditor of Public
12 Accounts pursuant to section 79-1024.

13 (2) Except as provided in subsection (8) of section
14 79-1016 and sections 79-1033 and 79-1065.02, the amounts certified
15 pursuant to subsection (1) of this section shall be distributed in
16 ten as nearly as possible equal payments on the last business day
17 of each month beginning in September of each ensuing school fiscal
18 year and ending in June of the following year, except that when a
19 school district is to receive a monthly payment of less than one
20 thousand dollars, such payment shall be one lump-sum payment on
21 the last business day of December during the ensuing school fiscal
22 year.

23 Sec. 36. Section 79-1022.02, Reissue Revised Statutes of
24 Nebraska, is amended to read:

25 79-1022.02 Notwithstanding any other provision of law,
26 the certification of state aid pursuant to section 79-1022 to
27 be paid to school districts during school year ~~2003-04~~, 2008-09,

1 the certification of applicable allowable growth rates pursuant to
2 section 79-1026 for school fiscal year ~~2003-04~~, 2008-09, and the
3 certifications of Class I school district allowable general fund
4 budgets of expenditures pursuant to section 79-1083.03 for school
5 fiscal year ~~2003-04~~ 2008-09 are null and void. State aid to be paid
6 during such school year and the certifications pursuant to ~~section~~
7 sections 79-1022 and 79-1026 shall be recertified on or before ~~June~~
8 ~~15, 2003~~, April 30, 2008, using data sources as they existed on
9 February 1, ~~2003~~, 2008.

10 Sec. 37. Section 79-1023, Reissue Revised Statutes of
11 Nebraska, is amended to read:

12 79-1023 ~~Ne~~ (1) On or before April 30, 2008, and on or
13 before February 1 of each year thereafter, the department shall
14 determine and certify to each school district the maximum general
15 fund budget of expenditures minus the special education budget of
16 expenditures for the immediately following school fiscal year.

17 (2) For school fiscal years prior to 2008-09, no Class
18 II, III, IV, V, or VI district shall increase its general fund
19 budget of expenditures more than the local system's applicable
20 allowable growth rate.

21 (3) For school fiscal year 2008-09 and each school fiscal
22 year thereafter, except as provided in section 39 of this act, no
23 school district shall have a general fund budget of expenditures
24 minus special grant funds and the special education budget of
25 expenditures more than the greater of (a) the product of the
26 difference of the general fund budget of expenditures minus special
27 grant funds and the special education budget of expenditures for

1 the immediately preceding school fiscal year multiplied by the sum
2 of one plus the local system's applicable allowable growth rate or
3 (b) the difference of one hundred twenty percent of formula need
4 for such school fiscal year minus the product of the sum of one
5 plus the basic allowable growth rate for such school fiscal year
6 multiplied by the special education budget of expenditures as filed
7 on the school district budget statement on or before September 20
8 for the immediately preceding school fiscal year.

9 Sec. 38. Section 79-1028, Revised Statutes Supplement,
10 2007, is amended to read:

11 79-1028 For school fiscal years prior to school fiscal
12 year 2008-09:

13 (1) A Class II, III, IV, V, or VI school district may
14 exceed its applicable allowable growth rate for (a) expenditures
15 in support of a service which is the subject of an agreement or
16 a modification of an existing agreement whether operated by one
17 of the parties to the agreement or an independent joint entity
18 or joint public agency, (b) expenditures to pay for repairs to
19 infrastructure damaged by a natural disaster which is declared a
20 disaster emergency pursuant to the Emergency Management Act, (c)
21 expenditures to pay for judgments, except judgments or orders from
22 the Commission of Industrial Relations, obtained against a school
23 district which require or obligate a school district to pay such
24 judgment, to the extent such judgment is not paid by liability
25 insurance coverage of a school district, (d) expenditures to pay
26 for sums agreed to be paid by a school district to certificated
27 employees in exchange for a voluntary termination of employment,

1 or (e) expenditures to pay for lease-purchase contracts approved
2 on or after July 1, 1997, and before July 1, 1998, to the extent
3 the lease payments were not budgeted expenditures for fiscal year
4 1997-98;i-

5 (2) A Class II, III, IV, V, or VI district may exceed
6 its applicable allowable growth rate by a specific dollar amount
7 if the district projects an increase in formula students in the
8 district over the current school year greater than twenty-five
9 students or greater than those listed in the schedule provided in
10 this ~~subsection~~, subdivision, whichever is less. Districts shall
11 project increases in formula students on forms prescribed by the
12 department. The department shall approve, deny, or modify the
13 projected increases.

| 14 | Average daily | Projected increase |
|----|-------------------|---------------------|
| 15 | membership of | of formula students |
| 16 | district | by percentage |
| 17 | 0 - 50 | 10 |
| 18 | 50.01 - 250 | 5 |
| 19 | 250.01 - 1,000 | 3 |
| 20 | 1,000.01 and over | 1 |

21 The department shall compute the district's estimated
22 allowable budget per pupil using the budgeted general fund
23 expenditures found on the budget statement for the current
24 school year divided by the number of formula students in the
25 current school year and multiplied by the district's applicable
26 allowable growth rate. The resulting allowable budget per pupil
27 shall be multiplied by the projected formula students to arrive at

1 the estimated budget needs for the ensuing year. The department
2 shall allow the district to increase its general fund budget of
3 expenditures for the ensuing school year by the amount necessary
4 to fund the estimated budget needs of the district as computed
5 pursuant to this ~~subsection~~ subdivision. On or before July 1,
6 the department shall make available to districts which have been
7 allowed additional growth pursuant to this ~~subsection~~ subdivision
8 the necessary document to recalculate the actual formula students
9 of such district. Such document shall be filed with the department
10 under subsection (1) of section 79-1024~~;~~

11 (3) A Class II, III, IV, V, or VI district may exceed
12 its applicable allowable growth rate by a specific dollar amount
13 if construction, expansion, or alteration of district buildings
14 will cause an increase in building operation and maintenance
15 costs of at least five percent. The department shall document
16 the projected increase in building operation and maintenance costs
17 and may allow a Class II, III, IV, V, or VI district to exceed
18 its applicable allowable growth rate by the amount necessary to
19 fund such increased costs. The department shall compute the actual
20 increased costs for the school year and shall notify the district
21 on or before July 1 of the recovery of the additional growth
22 pursuant to this ~~subsection~~ subdivision;

23 (4) A Class II, III, IV, V, or VI district may exceed its
24 applicable allowable growth rate by a specific dollar amount if the
25 district demonstrates to the satisfaction of the department that
26 it will exceed its applicable allowable growth rate as a result
27 of costs pursuant to the Retirement Incentive Plan authorized

1 in section 79-855 or the Staff Development Assistance authorized
2 in section 79-856. The department shall compute the amount by
3 which the increased cost of such program or programs exceeds the
4 district's applicable allowable growth rate and shall allow the
5 district to increase its general fund expenditures by such amount
6 for that fiscal year;-

7 (5) A Class II, III, IV, or V district may exceed its
8 applicable allowable growth rate by the specific dollar amount of
9 incentive payments or base fiscal year incentive payments to be
10 received in such school fiscal year pursuant to section 79-1011;-

11 (6) A Class II, III, IV, V, or VI district may exceed
12 its applicable allowable growth rate by a specific dollar amount
13 in any year for which the state aid calculation for the local
14 system includes students in the qualified early childhood education
15 fall membership of the district for the first time or for a year
16 in which an early childhood education program of the district is
17 receiving an expansion grant. The department shall compute the
18 amount by which the district may exceed the district's applicable
19 allowable growth rate by multiplying the cost grouping cost
20 per student for the applicable cost grouping by the district's
21 adjusted formula students attributed to early childhood education
22 programs if students are included in the district's qualified
23 early childhood education fall membership for the first time or by
24 the district's adjusted formula students attributed to such early
25 childhood education programs minus the district's adjusted formula
26 students attributed to such early childhood education programs for
27 the prior school fiscal year if a program is receiving an expansion

1 grant in the school fiscal year for which the fall membership is
2 measured. The department shall allow the district to increase its
3 general fund expenditures by such amount for such school fiscal
4 year;:-

5 ~~(7) For school fiscal year 2005-06, a Class II, III, IV,~~
6 ~~V, or VI district may exceed its applicable allowable growth rate~~
7 ~~by a specific dollar amount not to exceed seventy-four hundredths~~
8 ~~percent of the amount budgeted for employee salaries for such~~
9 ~~school fiscal year. For school fiscal year 2006-07, a Class II,~~
10 ~~III, IV, V, or VI district may exceed its applicable allowable~~
11 ~~growth rate by a specific dollar amount not to exceed fifty-nine~~
12 ~~hundredths percent of the amount budgeted for employee salaries for~~
13 ~~such school fiscal year.~~

14 ~~(8) A Class II, III, IV, or V district that is a~~
15 ~~member of a learning community may exceed its applicable allowable~~
16 ~~growth rate for the first school fiscal year in which the school~~
17 ~~district will be a member of a learning community for the full~~
18 ~~school fiscal year by an amount equal to anticipated increases in~~
19 ~~transportation expenditures necessary to meet the requirements of~~
20 ~~subsection (2) of section 79-611 as approved by the department. The~~
21 ~~department shall approve, deny, or modify the amount allowed~~
22 ~~for anticipated increases in transportation expenditures. The~~
23 ~~department shall compute the actual increase in transportation~~
24 ~~expenditures necessary to meet the requirements of subsection (2)~~
25 ~~of section 79-611 for such school fiscal year and shall, if needed,~~
26 ~~modify the district's applicable allowable growth rate for the~~
27 ~~ensuing school fiscal year.~~

1 (9) For school fiscal year 2008-09, a Class II, III,
2 IV, or V district may exceed its applicable allowable growth
3 rate by a specific dollar amount if the sum of the poverty
4 allowance, elementary class size allowance, focus school and
5 program allowance, and limited English proficiency allowance for
6 the school district for school fiscal year 2008-09 exceeds the
7 poverty weightings plus limited English proficiency weightings
8 multiplied by the cost grouping cost per student for the school
9 district for school fiscal year 2007-08. The department shall
10 compute the amount by which the district may exceed the applicable
11 allowable growth rate by subtracting the product of the sum of
12 the poverty weightings and limited English proficiency weightings
13 for school fiscal year 2007-08 multiplied by the average formula
14 cost per student in the school district's cost grouping for school
15 fiscal year 2007-08 from the sum of the school fiscal year 2008-09
16 poverty allowance, elementary class size allowance, focus school
17 and program allowance, and limited English proficiency allowance
18 for the school district. The department shall allow the district to
19 increase its general fund expenditures by such amount for school
20 fiscal year 2008-09.

21 (10) For school fiscal year 2009-10 and each school
22 fiscal year thereafter, a Class II, III, IV, or V district may
23 exceed its applicable allowable growth rate by a specific dollar
24 amount if the sum of the poverty allowance, elementary class size
25 allowance, focus school and program allowance, and limited English
26 proficiency allowance for the school district has grown at a rate
27 higher than the applicable allowable growth rate of the district.

1 The department shall compute the amount by which the district
2 may exceed the applicable allowable growth rate by subtracting
3 the product of the sum of the poverty allowance, elementary class
4 size allowance, focus school and program allowance, and limited
5 English proficiency allowance for the immediately preceding school
6 fiscal year multiplied by the sum of one plus the applicable
7 allowable growth rate to be exceeded from the sum of the poverty
8 allowance, elementary class size allowance, focus school and
9 program allowance, and limited English proficiency allowance for
10 the district for the school fiscal year for which the applicable
11 allowable growth rate would be exceeded. The department shall allow
12 the district to increase its general fund expenditures by such
13 amount for the applicable school fiscal year.

14 ~~(11)~~ (7) A Class II, III, IV, or V school district may
15 exceed its applicable allowable growth rate by a specific dollar
16 amount not to exceed the amount received during such school fiscal
17 year from educational entities as defined in section 79-1201.01 for
18 providing distance education courses through the Distance Education
19 Council; and until July 1, 2008, and the Educational Service Unit
20 Coordinating Council ~~on and after July 1, 2008,~~ to such educational
21 entities.

22 ~~(12)~~ (8) A Class II, III, IV, or V school district may
23 exceed its applicable allowable growth rate for school fiscal year
24 2007-08 by a specific dollar amount equal to the amount paid in
25 school fiscal year 2006-07 to any distance education consortium
26 in which the school district was participating pursuant to an
27 interlocal agreement.

1 Sec. 39. For school fiscal year 2008-09 and each school
2 fiscal year thereafter, a Class II, III, IV, V, or VI school
3 district may exceed its maximum general fund budget of expenditures
4 minus the special education budget of expenditures by a specific
5 dollar amount for:

6 (1) Expenditures for repairs to infrastructure damaged by
7 a natural disaster which is declared a disaster emergency pursuant
8 to the Emergency Management Act;

9 (2) Expenditures for judgments, except judgments or
10 orders from the Commission of Industrial Relations, obtained
11 against a school district which require or obligate a school
12 district to pay such judgment, to the extent such judgment is not
13 paid by liability insurance coverage of a school district;

14 (3) Expenditures pursuant to the Retirement Incentive
15 Plan authorized in section 79-855 or the Staff Development
16 Assistance authorized in section 79-856;

17 (4) Expenditures of incentive payments or base fiscal
18 year incentive payments to be received in such school fiscal year
19 pursuant to section 79-1011; and

20 (5) Expenditures of amounts received from educational
21 entities as defined in section 79-1201.01 for providing distance
22 education courses through the Educational Service Unit Coordinating
23 Council to such educational entities.

24 The state board shall approve, deny, or modify the amount
25 allowed for any exception to the maximum general fund budget of
26 expenditures minus the special education budget of expenditures
27 pursuant to this section.

1 Sec. 40. Section 79-1029, Reissue Revised Statutes of
2 Nebraska, is amended to read:

3 79-1029 (1) A For school fiscal years prior to school
4 fiscal year 2008-09, a Class II, III, IV, V, or VI district
5 may exceed the basic allowable growth rate prescribed in section
6 79-1025 upon an affirmative vote of at least seventy-five percent
7 of the board. The total growth shall not exceed the applicable
8 allowable growth rate certified for the local system under section
9 79-1026 plus one percent. The vote shall be taken at a public
10 meeting of the board following a special public hearing called for
11 the purpose of receiving testimony on such proposed increase. The
12 board shall give at least five calendar days' notice of such public
13 hearing and shall publish such notice at least once in a newspaper
14 of general circulation in the local system.

15 (2) A For school fiscal years prior to school fiscal year
16 2008-09, a Class II, III, IV, V, or VI district may exceed the
17 applicable allowable growth rate prescribed in section 79-1026 by
18 an amount approved by a majority of legal voters voting on the
19 issue at a primary, general, or special election called for such
20 purpose upon the recommendation of the board or upon the receipt by
21 the county clerk or election commissioner of a petition requesting
22 an election signed by at least five percent of the legal voters of
23 the district. The recommendation of the board or the petition of
24 the legal voters shall include the amount and percentage by which
25 the board would increase its general fund budget of expenditures
26 for the ensuing school year over and above the current year's
27 general fund budget of expenditures. The county clerk or election

1 commissioner shall place the question on the primary or general
2 election ballot or call for a special election on the issue after
3 the receipt of such board recommendation or legal voter petition.
4 The election shall be held pursuant to the Election Act or section
5 77-3444, and all costs for a special election shall be paid by the
6 district. A vote to exceed the applicable allowable growth rate
7 may be approved on the same question as a vote to exceed the levy
8 limits provided in section 77-3444.

9 (3) For school fiscal year 2008-09 and each school fiscal
10 year thereafter, a Class II, III, IV, V, or VI district may exceed
11 the maximum general fund budget of expenditures minus the special
12 education budget of expenditures prescribed in section 79-1023
13 by an amount approved by a majority of legal voters voting on
14 the issue at a primary, general, or special election called for
15 such purpose upon the recommendation of the board or upon the
16 receipt by the county clerk or election commissioner of a petition
17 requesting an election, signed by at least five percent of the
18 legal voters of the district. The recommendation of the board or
19 the petition of the legal voters shall include the amount by which
20 the board would increase its general fund budget of expenditures
21 for the ensuing school year over and above the maximum general
22 fund budget of expenditures minus the special education budget of
23 expenditures prescribed in section 79-1023. The county clerk or
24 election commissioner shall place the question on the primary or
25 general election ballot or call for a special election on the
26 issue after the receipt of such board recommendation or legal voter
27 petition. The election shall be held pursuant to the Election Act

1 or section 77-3444, and all costs for a special election shall be
2 paid by the district. A vote to exceed the applicable allowable
3 growth rate may be approved on the same question as a vote to
4 exceed the levy limits provided in section 77-3444.

5 Sec. 41. Section 79-1031.01, Revised Statutes Supplement,
6 2007, is amended to read:

7 79-1031.01 The Appropriations Committee of the
8 Legislature shall annually include the amount necessary to fund the
9 state aid that will be certified to school districts on or before
10 ~~February 15, 2007,~~ April 30, 2008, and on or before February 1 for
11 each ~~ensuing~~ school year thereafter in its recommendations to the
12 Legislature to carry out the requirements of the Tax Equity and
13 Educational Opportunities Support Act.

14 Sec. 42. Section 79-1073, Revised Statutes Supplement,
15 2007, is amended to read:

16 79-1073 On or before October 1 for each year, each
17 learning community coordinating council shall determine the
18 expected amounts to be distributed to each member school district
19 from general fund property tax receipts pursuant to subdivision
20 (2) (b) of section 77-3442 and shall certify such amounts to each
21 member school district and the State Department of Education.
22 Such property tax receipts shall be divided among member school
23 districts proportionally based on the difference of one hundred
24 percent of the school district's formula need calculated pursuant
25 to section ~~79-1007.02~~ 8 of this act minus the sum of the state aid
26 certified pursuant to section 79-1022 and the other actual receipts
27 included in local system formula resources pursuant to section

1 79-1018.01 for the school fiscal year for which the distribution is
2 being made, except that no school district shall receive property
3 tax receipts in excess of the lesser of such difference or the
4 school district's property tax request submitted to the learning
5 community coordinating council.

6 Each time a learning community coordinating council
7 distributes property tax receipts to member school districts,
8 the amount to be distributed to each district shall be proportional
9 based on the total amounts to be distributed to each member school
10 district for the school fiscal year.

11 Sec. 43. Section 79-1083.03, Revised Statutes Supplement,
12 2007, is amended to read:

13 79-1083.03 For school fiscal years prior to school fiscal
14 year 2008-09:

15 (1)(a) If the primary high school district designated
16 pursuant to section 79-1083.02 is a Class VI district, the Class I
17 district's total allowable general fund budget of expenditures
18 minus the special education budget of expenditures shall be
19 determined by the school board of such Class VI district and
20 shall be certified to the Class I district on or before ~~June~~
21 ~~24, 2003,~~ and ~~on or before~~ March 1 each year thereafter for the
22 following school fiscal year; ~~and-~~

23 (b) The Class VI primary high school district shall
24 certify the total allowable general fund budget of expenditures
25 minus the special education budget of expenditures for the Class I
26 district to the State Department of Education on or before ~~August~~
27 ~~1, 2003,~~ and ~~on or before~~ April 20 each year thereafter. April 20;

1 (2) If the primary high school district is not a Class
2 VI district, the Class I district's total allowable general fund
3 budget of expenditures minus the special education budget of
4 expenditures shall be determined by the department as follows and
5 certified on or before ~~June 15, 2003,~~ and ~~on or before~~ February 1
6 ~~each year thereafter,~~ for the following school fiscal year:

7 (a) The total allowable general fund budget of
8 expenditures minus the special education budget of expenditures
9 for the Class I district in the school fiscal year immediately
10 preceding the school fiscal year for which the budget is prepared
11 shall be divided by the formula students in the Class I district
12 as defined in section 79-1003, and the result shall be increased
13 by the applicable allowable growth rate for the primary high
14 school district's local system for the ensuing school fiscal year
15 calculated pursuant to section 79-1026 as determined on or ~~before~~
16 ~~June 15, 2003,~~ and ~~on or before~~ February 1 ~~each year thereafter,~~ of
17 the school fiscal year immediately preceding the school fiscal year
18 for which the budget is prepared;

19 (b) The total allowable general fund budget of
20 expenditures minus the special education budget of expenditures
21 for the primary high school district in the school fiscal year
22 immediately preceding the school fiscal year for which the budget
23 is prepared shall be divided by the formula students as defined
24 in section 79-1003 in the primary high school district weighted
25 by the grade weighting factors contained in subdivision (1)(a)
26 of section 79-1007.01, and the result shall be multiplied by the
27 kindergarten through grade eight formula students as defined in

1 section 79-1003 weighted by the grade weighting factors contained
2 in subdivision (1)(a) of section 79-1007.01 to calculate the total
3 allowable general fund budget of expenditures minus the special
4 education budget of expenditures for kindergarten through grade
5 eight in the primary high school district. The total allowable
6 general fund budget of expenditures minus the special education
7 budget of expenditures for kindergarten through grade eight shall
8 be divided by the kindergarten through grade eight formula students
9 without weighting. The result shall be increased by the applicable
10 allowable growth rate for the primary high school district's local
11 system for the ensuing school fiscal year calculated pursuant to
12 section 79-1026 as determined ~~on or before June 15, 2003,~~ and on or
13 before February 1 ~~each year thereafter,~~ of the school fiscal year
14 immediately preceding the school fiscal year for which the budget
15 is prepared;

16 (c) The amounts calculated in subdivisions (2)(a) and
17 (2)(b) of this section shall be summed and the result divided
18 by two to arrive at the total allowable general fund budget of
19 expenditures minus the special education budget of expenditures per
20 formula student for the Class I district; and

21 (d) The total allowable general fund budget of
22 expenditures minus the special education budget of expenditures per
23 formula student for the Class I district shall be multiplied by
24 the formula students as defined in section 79-1003 for the Class
25 I district as used by the department for certification of the
26 ensuing school fiscal year's state aid, and the result shall be
27 the total allowable general fund budget of expenditures minus the

1 special education budget of expenditures for the Class I district
2 for the ensuing school fiscal year except as provided in ~~subsection~~
3 subdivision (3) of this section~~;~~

4 (3) (a) The school board of the Class I district may,
5 ~~on or before July 1, 2003, and on or before March 10, each year~~
6 ~~thereafter,~~ submit a request to exceed the total allowable general
7 fund budget of expenditures minus the special education budget of
8 expenditures to all the school boards of the high school district
9 or districts with which the Class I district is affiliated or of
10 which it is a part. For Class I districts to exceed the total
11 allowable general fund budget of expenditures minus the special
12 education budget of expenditures, the total general fund budget of
13 expenditures request shall be approved by high school districts,
14 including the primary high school district, such that the portions
15 of the Class I district that are affiliated with or part of the
16 approving high school districts comprise at least two-thirds of
17 the assessed valuation of the Class I district. Such request shall
18 specify the total general fund budget of expenditures, broken down
19 by expenditures for special education, for regular education, and
20 for special grant funds as defined in section 79-1003, for which
21 the Class I district seeks authority; ~~and-~~

22 (b) The high school district shall approve or deny the
23 request ~~on or before July 15, 2003, and on or before April 10 each~~
24 ~~year thereafter~~ following the receipt of such request and shall
25 forward written notification to the Class I district of approval
26 or denial. A request for additional budget authority shall be
27 considered approved if (i) no action is taken by the high school

1 district or (ii) the high school district fails to send written
2 notification to the Class I district of the denial of a request for
3 additional budget authority;—

4 (4) The school board of a Class I district may, after
5 October 15 of each year, amend the general fund budget of
6 expenditures (a) by increasing the special education budget of
7 expenditures, (b) for any special grant funds as defined in section
8 79-1003 received any time during a school fiscal year, or (c) for
9 current fiscal year expenditures the board deems essential if the
10 expenditures could not reasonably have been anticipated at the time
11 the budget for the current year was adopted. A copy of the revised
12 budget shall be filed pursuant to subsection (4) of section 13-511
13 and section 79-1024;—

14 (5) All Class I districts shall certify the items
15 required by subsection (1) of section 13-508 to all of their
16 high school districts on or before August 1; and—

17 (6) All primary high school districts shall certify to
18 the department and all other affected districts, ~~on or before~~
19 ~~August 1, 2003,~~ and on or before April 20, each year thereafter,
20 the approved total general fund budget of expenditures for a Class
21 I district when the Class I district has requested to exceed its
22 certified budget authority and the request has been approved.

23 Sec. 44. Section 79-1229, Reissue Revised Statutes of
24 Nebraska, is amended to read:

25 79-1229 (1) On or before January 31 of each year, the
26 administrator of each educational service unit shall submit to
27 the Commissioner of Education a report described as the annual

1 financial report showing (a) the amount of money received from all
2 sources during the year and the amount of money expended by the
3 educational service unit during the year, (b) other information
4 as necessary to fulfill the requirements of sections 79-1241
5 and 79-1243, and (c) such other information as the commissioner
6 directs.

7 (2) The board of each educational service unit shall
8 cause a complete and comprehensive annual audit to be made of the
9 books, accounts, records, and affairs of the educational service
10 unit. The audits shall be conducted annually, except that the
11 Auditor of Public Accounts may determine an audit of less frequency
12 to be appropriate but not less than once in any three-year period.
13 The board of each educational service unit may contract with the
14 Auditor of Public Accounts or select a licensed public accountant
15 or certified public accountant or firm of such accountants to
16 conduct the audit and shall be responsible for the cost of the
17 audit pursuant to the contract. Such audit shall be conducted in
18 the same manner as audits of county officers. The original copy of
19 the audit shall be filed in the office of the Auditor of Public
20 Accounts.

21 Sec. 45. Original sections 79-1022.02, 79-1023, 79-1029,
22 and 79-1229, Reissue Revised Statutes of Nebraska, sections 79-233,
23 79-1008.01, and 79-1009, Revised Statutes Cumulative Supplement,
24 2006, and sections 77-3442, 79-4,108, 79-1001, 79-1003, 79-1003.01,
25 79-1007.02, 79-1007.04, 79-1007.06, 79-1007.07, 79-1007.08,
26 79-1007.09, 79-1007.10, 79-1008.02, 79-1013, 79-1014, 79-1015.01,
27 79-1016, 79-1018.01, 79-1022, 79-1028, 79-1031.01, 79-1073, and

1 79-1083.03, Revised Statutes Supplement, 2007, are repealed.

2 Sec. 46. The following sections are outright repealed:

3 Section 79-1009.01, Reissue Revised Statutes of Nebraska, and
4 section 79-1007.03, Revised Statutes Supplement, 2007.

5 Sec. 47. Since an emergency exists, this act takes effect
6 when passed and approved according to law.

7 2. On page 1, strike lines 2 through 14 and insert
8 "79-1022.02, 79-1023, 79-1029, and 79-1229, Reissue Revised
9 Statutes of Nebraska, sections 79-233, 79-1008.01, and 79-1009,
10 Revised Statutes Cumulative Supplement, 2006, and sections 77-3442,
11 79-4,108, 79-1001, 79-1003, 79-1003.01, 79-1007.02, 79-1007.04,
12 79-1007.06, 79-1007.07, 79-1007.08, 79-1007.09, 79-1007.10,
13 79-1008.02, 79-1013, 79-1014, 79-1015.01, 79-1016, 79-1018.01,
14 79-1022, 79-1028, 79-1031.01, 79-1073, and 79-1083.03, Revised
15 Statutes Supplement, 2007; to change provisions relating to a
16 tax levy for learning communities; to redefine terms; to change
17 provisions relating to the Tax Equity and Educational Opportunities
18 Support Act; to harmonize provisions; to eliminate provisions
19 relating to calculation of state aid; to repeal the original
20 sections; to outright repeal section 79-1009.01, Reissue Revised
21 Statutes of Nebraska, and section 79-1007.03, Revised Statutes
22 Supplement, 2007; and to declare an emergency."

23 3. On page 2, strike lines 1 through 5.